

# ATTACHMENT 45

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UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

SURGICAL INSTRUMENT SERVICE  
COMPANY, INC.,

Plaintiff,

v.

INTUITIVE SURGICAL, INC.,

Defendant.

Case No.: 3:21-cv-03496-VC

**Expert Report of Richard F. Bero, CPA, CVA**  
**December 2, 2022**

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**I. Introduction****A. Assignment**

I have been asked to provide expert opinions on damages on behalf of Surgical Instrument Service Company, Inc. (“SIS”) in *Surgical Instrument Service Company, Inc. v. Intuitive Surgical, Inc.*, Case No. 3:21-cv-03496-VC.<sup>1</sup> SIS has accused Intuitive Surgical, Inc. (“Intuitive” or the “Defendant”) of the following five counts: (1) Tying; (2) Exclusive Dealing; (3) Monopolization; (4) Attempted Monopolization; and (5) Unfair Trade Practices – Violation of Lanham Act.<sup>2</sup> I refer to these counts, collectively, as the “Alleged Wrongdoings.”

I have been asked to calculate lost profit damages in two primary alternative scenarios. In the first scenario, I have been asked to assume Intuitive is found liable for at least one of the Alleged Wrongdoings, and, specifically, that its encryption of its X/Xi EndoWrist products is illegal (“Scenario 1 – Illegal Encryption”). These damages are addressed below.

In the second scenario, I have been asked to assume Intuitive is found liable for at least one of the Alleged Wrongdoings, specifically that its hospital contracts which prevent hospitals from using third parties such as SIS from repairing or otherwise servicing EndoWrists are not enforceable (“Scenario 2 – Unenforceable Contracts”). These damages are addressed below.

I have also been asked to address disgorgement of Intuitive’s profits damages under the Lanham Act (Count 5). I have been asked to quantify this amount based on the lost SIS repair units underlying Scenario 2 lost profits damages above. These damages are addressed below.

**B. Alleged Wrongdoings**

The Alleged Wrongdoings relate to Intuitive’s da Vinci S/Si and X/Xi robotic surgical systems and the EndoWrist instruments sold for use with these systems. Intuitive has dominant economic power for surgical robots for minimally invasive soft tissue surgery, and for servicing, support and repair of those robots as well as the EndoWrist instruments used with the robots.<sup>3</sup> Intuitive has used this economic power to coerce its customers into buying EndoWrists from Intuitive rather than allowing the option of repairing EndoWrists through experienced service

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<sup>1</sup> Compl.

<sup>2</sup> Compl. ¶¶ 111-126.

<sup>3</sup> Compl. ¶ 112.



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organizations such as SIS.<sup>4</sup> Intuitive has conditioned the sale and servicing of its da Vinci surgical robots on customers buying replacement EndoWrists from Intuitive instead of permitting customers to use repaired EndoWrists.<sup>5</sup>

Intuitive has entered into agreements requiring its customers to replace their EndoWrist instruments with new Intuitive EndoWrists, on an exclusive basis, thus foreclosing competition for repair and replacement of such instruments for surgical robots for minimally invasive surgery.<sup>6</sup> Intuitive maintains at least a 99% market share by excluding competitors through exclusionary tactics as tying EndoWrist replacements and repairs to sales and servicing of da Vinci surgical robots, prohibiting customers from having their EndoWrist instruments repaired, sending cease and desist letters when customers attempt to have EndoWrists repaired and employing countermeasures to the X/Xi instrument usage counter to prevent any modification of the usage counter.<sup>7</sup>

As a direct and proximate result of Intuitive’s conduct, Intuitive’s customers have been forced to purchase new EndoWrists at supra-competitive prices, rather than repairing the existing EndoWrists, resulting in SIS losing customers and incurring lost profits.<sup>8</sup> As described more below, SIS believes there is and has been “monumental” interest from hospitals in its S/Si and X/Xi repair business.<sup>9</sup>

I have not formed any legal opinions about this matter. However, for purposes of my analysis, I assume Intuitive will be found liable for at least one of the Alleged Wrongdoings.

### **C. Basis for opinions**

My opinions in this matter are based upon analysis of the following information:

- the Complaint, Answer and other legal filings;
- documents produced / provided by the parties;
- depositions and related deposition exhibits;

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<sup>4</sup> Compl. ¶ 112.

<sup>5</sup> Compl. ¶ 112.

<sup>6</sup> Compl. ¶ 115. *See, e.g.*, Intuitive-01376477.

<sup>7</sup> Compl. ¶ 118.

<sup>8</sup> Compl. ¶¶ 113, 116 and 119, for example. The Complaint also addresses damages to SIS’s reputation and goodwill, although I have not been asked to quantify damages herein for these two items.

<sup>9</sup> 30(b)(6) Deposition of Keith Johnson 44 (October 27, 2022).

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- the following expert reports:
  - Expert Report of Jean Sargent dated December 2, 2022;
- various legal filings, documents, depositions and related deposition exhibits, and expert reports from the following litigations involving EndoWrists in which Intuitive is also a defendant:<sup>10</sup>
  - *Restore Robotics LLC, et al. v. Intuitive Surgical, Inc.*, No. 5:19-cv-00055-TKW-MJF (N.D. Fla. filed Feb. 27, 2019);
  - *Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020);
- discussions with the following SIS personnel (in alphabetical order):
  - Keith Johnson, Executive Vice President, Sales and Clinical Programs;
  - Greg Posdal, President and C.E.O.;
- discussion with Jean Sargent, SIS’s industry expert;
- discussion with Kurt Humphrey, SIS’s technical expert;
- independent research; and
- my skills, knowledge, professional background, education and work experience.

A detailed list of data and other information I have considered at this time in developing my opinions is included as **Attachment 1**. If additional relevant information becomes available after the issuance of my Report, I reserve the right to incorporate such information as necessary. I may also incorporate additional information in response to any expert reports or opinions proffered on behalf of the Defendant.

**D. Expert experience and compensation**

I am a certified public accountant, accredited in business valuation, a certified valuation analyst and the Managing Director of The BERO Group. Since 1987, I have analyzed economic damages and accounting and financial issues in a variety of litigation matters concerning areas

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<sup>10</sup> I understand the *Rebotix Repair LLC* case has settled.

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such as breach of contract, patent infringement, trademark infringement, copyright infringement, trade secrets, anti-trust, dealership disputes and construction disputes. I have testified as an expert more than 160 times. My curriculum vitae, including a list of my testimonial experience in the last four years and publications in the last ten years, is included as **Attachment 2**.

Compensation to The BERO Group for professional services provided in preparing this report is based on our customary hourly fees. My hourly rate is \$675 while the rates for my staff range from \$150 – \$375. The BERO Group has no financial interest in the outcome of this litigation.

**E. Trial**

In preparing for trial, I may prepare demonstrative exhibits based upon information included in this Report or additional information that becomes available hereafter.

**F. Basic damages assumptions**

I have been asked to calculate damages assuming a trial date in approximately December 2023 / January 2024. In this instance, as explained in this report, damages would continue through 2025 as shown on **Schedule 1.0**.

As described above, I have been asked to calculate lost profit damages in two primary alternative scenarios. In Scenario 1, I have been asked to assume Intuitive is found liable for at least one of the Alleged Wrongdoings, and, specifically, that its encryption of its X/Xi EndoWrist products is illegal. In Scenario 2, I have been asked to assume Intuitive is found liable for at least one of the Alleged Wrongdoings, specifically that its hospital contracts which prevent hospitals from using third-parties such as SIS from repairing or otherwise servicing EndoWrists are not enforceable.

I have also been asked to calculate disgorgement of Intuitive profits based on the lost SIS repair units underlying Scenario 2 lost profit damages.

In both Scenario 1 and Scenario 2 lost profits and Lanham Act damages, I make the following base assumptions:

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- I assume the parties’ reported revenue, costs and other data are generally accurate and reliable;<sup>11</sup>
- SIS would have had the capability / capacity to make the lost sales;<sup>12</sup>
- Rebotix or Restore would have had the capability and capacity to produce enough chips to be used in SIS’s EndoWrist repairs;<sup>13</sup>
- SIS would not need FDA approval to make its repairs;<sup>14</sup>

In Scenario 1, I assume:

- SIS would have been able to repair both S/Si and X/Xi EndoWrist instruments as of January 1, 2020 (I refer to this as the “In-house model”);<sup>15</sup>
- Alternatively, Rebotix or Restore would have been able to repair both S/Si and X/Xi EndoWrist instruments as of January 1, 2020 (I refer to this as the “Distributor model”);<sup>16</sup>

In Scenario 2, I assume:

- SIS would have been able to repair S/Si EndoWrist instruments as of January 1, 2020 (the In-house model);<sup>17</sup>
- Alternatively, Rebotix or Restore would have been able to repair the S/Si EndoWrist instruments as of January 1, 2020 (the Distributor model);<sup>18</sup>
- SIS (relying on either Rebotix, Restore or another third-party technology provider) would have been able to reset the X/Xi EndoWrist instruments use counter either by January 1, 2021 or January 1, 2022, and SIS, Rebotix or Restore would have been able to repair X/Xi EndoWrist instruments as of either January 1, 2021 or January 1 2022;<sup>19</sup>

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<sup>11</sup> If the parties’ reported information is incorrect, I reserve the right to update my analyses accordingly.

<sup>12</sup> As addressed herein.

<sup>13</sup> Based on SIS’s relationships with Rebotix / Restore prior to the Alleged Wrongdoings as addressed herein. Rebotix and Restore are defined below.

<sup>14</sup> Discussions with Keith Johnson and Greg Posdal. *See also*, Deposition of Imron Zafar (November 1, 2022) Ex. 113 at 3.

<sup>15</sup> As addressed herein.

<sup>16</sup> Based on SIS’s relationships with Rebotix / Restore prior to the Alleged Wrongdoings as addressed herein.

<sup>17</sup> As addressed herein.

<sup>18</sup> Based on SIS’s relationships with Rebotix / Restore prior to the Alleged Wrongdoings as addressed herein.

<sup>19</sup> Based on SIS’s relationships with Rebotix / Restore prior to the Alleged Wrongdoings as addressed herein and discussion with Kurt Humphrey, SIS’s technical expert.

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- Either Rebotix, Restore, or another third-party technology company (not SIS), would have incurred the costs associated with circumventing the encryption required to reset the use counter;<sup>20</sup>

**G. Opinions Summary**

SIS has incurred lost profits damages due to the Alleged Wrongdoings. I have quantified lost profits damages under Scenario 1- Illegal Encryption and Scenario 2 – Unenforceable Contracts. In both scenarios, I determine alternative SIS damages models wherein SIS would have performed the repair services in-house (the “In-house model”) or SIS would have acted as a repair service distributor (the “Distributor model”).

I have also been asked to damages based on disgorgement of Intuitive profits based on the number of units SIS would have repaired (“Lanham Act damages”) under Scenario 2.

Damages are presented using a January 1, 2024 date, assuming trial is in approximately December 2023 / January 2024. Damages are summarized on **Table 1** below:<sup>21</sup>

**Table 1: Damages Summary**

	Scenario 1		Scenario 2	
<b><u>Discounted lost profits</u></b>				
In-house model	\$102,624,836		\$56,161,130 to	\$80,610,861
Distributor model	\$40,908,930		\$22,424,938 to	\$32,213,625
<b>Lanham Act</b>			\$268,215,839 to	\$385,370,043

<sup>20</sup> Based on SIS's relationships with Rebotix / Restore prior to the Alleged Wrongdoings as addressed herein.

<sup>21</sup> **Schedule 1.0.** Note: The Lanham Act damages represent Intuitive’s sales.

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**II. Parties in suit****A. Plaintiff – SIS**

SIS is an Illinois corporation with a principal place of business located in Glendale Heights, IL.<sup>22</sup> Greg Posdal is SIS’s President, CEO and majority owner.<sup>23</sup> Keith Johnson is SIS’s Executive Vice President, Sales and Clinical Programs.<sup>24</sup>

SIS has 50 years of experience servicing surgical instruments and equipment ranging from simple devices such as forceps and scalpels to complex electromechanical devices such as flexible video endoscopes, powered orthopedic devices and surgical video systems.<sup>25</sup> SIS employs exhaustive inspection and repair procedures to ensure that previously used surgical instruments are only returned to the operating room in accordance with specifications.<sup>26</sup> SIS’s services save healthcare providers and patients millions of dollars a year, reducing the per surgery procedure costs without compromising instrument operation or patient safety.<sup>27</sup> SIS is a trusted nationwide partner for hospitals, health care systems and group purchasing organizations (“GPOs”).<sup>28</sup> SIS’s relationship with Vizient, Inc., the largest GPO in the U.S., provides SIS access to more than 60% of U.S. acute care hospitals as of 2022.<sup>29</sup>

SIS’s revenue approximated \$7.0 million, \$10.7 million and \$12.4 million in 2019, 2020 and 2021, respectively.<sup>30</sup> In 2022, Greg Posdal estimated SIS’s revenue is expected to approximate \$18 million.<sup>31</sup> Approximately 85% of SIS’s business is from acute care medical centers and hospitals.<sup>32</sup> The majority of SIS’s business is its repair business, including stainless steel instrumentation, rigid endoscopes, flexible endoscopes, orthopedic power instrumentation,

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<sup>22</sup> Compl. ¶ 12.

<sup>23</sup> 30(b)(1) Deposition of Greg Posdal 16 (November 1, 2022). Plaintiff’s Response to Intuitive’s Interrogatory No. 1 (May 20, 2022).

<sup>24</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 1 (May 20, 2022). Discussion with Keith Johnson.

<sup>25</sup> Compl. ¶ 1.

<sup>26</sup> Compl. ¶ 1.

<sup>27</sup> Compl. ¶ 1.

<sup>28</sup> Compl. ¶ 1. I address these “GPO’s” in more detail below.

<sup>29</sup> See, e.g., <https://www.vizientinc.com>. I address Vizient, Inc. more below. As addressed below, SIS also has access to the second largest GPO, Premier, Inc., through its relationship with Yankee Alliance.

<sup>30</sup> **Schedule 15.0** and discussion with Greg Posdal.

<sup>31</sup> 30(b)(1) Deposition of Greg Posdal 15 (November 1, 2022).

<sup>32</sup> Deposition of Keith Johnson 14 (October 27, 2022).

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video instruments and miscellaneous instruments.<sup>33</sup> I understand SIS’s repair business of hospital-owned instruments (including its EndoWrist repairs) is not regulated by the FDA.<sup>34</sup>

## **B. Defendant – Intuitive**

Intuitive is a Delaware corporation with a principal place of business located in Sunnyvale, CA.<sup>35</sup> Intuitive was founded in 1995.<sup>36</sup> Since the late 1990’s, Intuitive has been the leading provider of robotic surgery systems for minimally invasive soft tissue surgeries.<sup>37</sup>

Intuitive’s main product categories are: (1) Systems, including its da Vinci Surgical System and Ion Endoluminal System; (2) Instruments and Accessories; and (3) Services.<sup>38</sup> As described above, EndoWrists, which are included in Intuitive’s Instruments and Accessories category, are the exclusive instruments sold for use with da Vinci Surgical Systems and are at issue in this matter.

Instead of operating directly on a patient, surgeons using Intuitive’s da Vinci Surgical Systems remotely operate a multi-arm surgical robot from a console that receives video of the surgical site and includes means for precisely controlling the movement and operation of surgical tools known as EndoWrists.<sup>39</sup>

EndoWrists include traditional surgical tools such as forceps and scalpels and are attached to the robotic arms based on the type of surgery to be performed.<sup>40</sup> The robotic arms include motors that control cables within the EndoWrist in response to the surgeon’s inputs, allowing precise multi-axis movement of the “wrist” of the surgical tool, that is not possible in traditional surgeries.<sup>41</sup>

I understand Intuitive’s primary EndoWrists are its Si EndoWrists and X/Xi EndoWrists. I understand Si EndoWrists: 1) Have a “Dallas” chip that has a wired connection to the robot system when attached; 2) The Dallas chip provides protection of data stored on it, including the use counter; 3) The Dallas chip does not monitor or control an EndoWrist’s motion; 4)

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<sup>33</sup> 30(b)(1) Deposition of Greg Posdal 11 (November 1, 2022).

<sup>34</sup> 30(b)(1) Deposition of Greg Posdal 93-94 (November 1, 2022). Discussions with Keith Johnson and Greg Posdal.

<sup>35</sup> Compl. ¶ 13.

<sup>36</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 23.

<sup>37</sup> Compl. ¶ 2.

<sup>38</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 6-10.

<sup>39</sup> Compl. ¶ 2.

<sup>40</sup> Compl. ¶ 2.

<sup>41</sup> Compl. ¶ 2.



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EndoWrist motion is controlled by four motors of robot that control wrist roll, pitch, yaw and grip.<sup>42</sup>

I understand X/Xi EndoWrists: 1) Have an “Atmel” chip that has a wireless connection to the robot system when attached; 2) The Atmel chip encrypts data stored on it, including the use counter; 3) similar to Dallas chip of the Si EndoWrists, the Atmel chip does not monitor or control an EndoWrist’s motion; 4) similar to the Si EndoWrists, EndoWrist motion is controlled by four motors of robot that control wrist roll, pitch, yaw and grip; 5) provide more security to the use counter than Si EndoWrists.<sup>43</sup>

Intuitive provides its products through direct sales organizations in the U.S., many European countries, China, Japan, South Korea, India, and Taiwan.<sup>44</sup> In markets outside the U.S., Intuitive provides its products through distributors.<sup>45</sup> Intuitive has manufacturing facilities in California, North Carolina, Mexico and Germany.<sup>46</sup>

Intuitive’s revenue approximated \$4.4 billion and \$5.7 billion in its fiscal years ended December 31, 2020 and 2021, respectively.<sup>47</sup> Intuitive’s revenue from instruments and accessories approximated \$2.5 billion and \$3.1 billion in its fiscal years ended December 31, 2020 and 2021, respectively.<sup>48</sup> Intuitive had approximately \$3.9 billion of gross profit in 2021, approximately \$3.3 billion of which was from “Products” and \$0.6 billion from “Services.”<sup>49</sup> Intuitive’s net income approximated \$1.1 billion and \$1.7 billion in its fiscal years ended December 31, 2020 and 2021, respectively.<sup>50</sup> For its fiscal years ended December 31, 2020 and December 31, 2021, Intuitive’s U.S. revenue approximated 67% - 68% of its total revenue.<sup>51</sup>

Intuitive’s revenue, profits and income from 2016 through 2021 are summarized in **Table 2**.<sup>52</sup>

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<sup>42</sup> See, e.g., 30(b)(6) Deposition of Grant DuQue 11-22 and 59-61 (November 8, 2022).

<sup>43</sup> See, e.g., 30(b)(6) Deposition of Grant DuQue 22-41 (November 8, 2022) and Deposition of Grant DuQue 11-22 and 24-52 (November 8, 2022).

<sup>44</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 13.

<sup>45</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 13.

<sup>46</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 14.

<sup>47</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 68-69.

<sup>48</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 69.

<sup>49</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 68.

<sup>50</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 68.

<sup>51</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 13 and 68-69.

<sup>52</sup> Intuitive Surgical, Inc. Form 10-K’s for the fiscal years ended December 31, 2018, 2019, 2020 and 2021 at 84, 71, 84 and 84, respectively.



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**Table 2: Intuitive Surgical, Inc. - Historical Financial Summary (in millions)**

	2016	2017	2018	2019	2020	2021
Revenue	\$2,706.5	\$3,138.2	\$3,724.2	\$4,478.5	\$4,358.4	\$5,710.1
Gross Profit	\$1,892.9	\$2,202.0	\$2,604.1	\$3,110.2	\$2,861.2	\$3,958.5
Gross Margin %	70%	70%	70%	69%	66%	69%
Income from Operations	\$949.7	\$1,062.9	\$1,199.4	\$1,374.5	\$1,049.8	\$1,821.0
Income from Operations %	35%	34%	32%	31%	24%	32%

**III. Additional Parties not in suit – Rebotix and Restore****A. Rebotix**

Rebotix Repair LLC (“Rebotix”) is a Florida limited liability company with its principal address in St. Petersburg, Florida.<sup>53</sup> Rebotix provides service and replacement components that help hospitals get back in control of their robotic surgical instruments, such as repairing EndoWrist instruments used in da Vinci robotic surgeries.<sup>54</sup>

Rebotix also sued Intuitive for issues related to servicing its EndoWrists, in which Rebotix claimed: (1) Tying; (2) Exclusive Dealing; (3) Monopolization; and (4) Attempted Monopolization.<sup>55</sup> I understand that case has settled.

In the spring / summer of 2019, SIS began working with Rebotix on its EndoWrist repair business.<sup>56</sup> SIS initially provided the repair business customers while Rebotix provided the “Interceptor chip” (or “repair chip”) to reset S / Si EndoWrist counters enabling additional EndoWrist uses as well as the actual repair.<sup>57</sup>

\_\_\_\_\_ <sup>58</sup> The Interceptor was developed for Rebotix by a

<sup>53</sup> Compl. ¶ 5 (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>54</sup> <https://rebotixrepair.com>. Compl. ¶ 5 (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>55</sup> Compl. ¶¶ 62-73 (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>56</sup> 30(b)(1) Deposition of Greg Posdal 23-25 (November 1, 2022).

<sup>57</sup> 30(b)(1) Deposition of Greg Posdal 25 (November 1, 2022).

<sup>58</sup> Deposition of Chris Gibson 35-38 (June 22, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

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third party (G5 Engineering), and it took approximately two years to develop.<sup>59</sup> The Interceptor chip was used for Si Instruments.<sup>60</sup>

SIS intended to bring the EndoWrist repair work in-house, like it does with its other repair services, while purchasing the Interceptor chip from Rebotix (and/or a similar chip from another company, Restore, addressed below).<sup>61</sup> In 2019, SIS and Rebotix had a draft agreement, that would have required SIS to purchase 50 Interceptors for up to \$800 per interceptor.<sup>62</sup> This draft agreement was never executed.<sup>63</sup>

While SIS and Rebotix did not have a signed agreement, they had a verbal understanding their relationship would continue.<sup>64</sup> The parties had begun discussions and plans for Rebotix to assist SIS in setting up its EndoWrist repair servicing process.<sup>65</sup> During this initial ramp-up period, Rebotix sold the repair chip and service to SIS for prices consistent with those included in the draft distributor agreement.<sup>66</sup> I understand SIS and Rebotix contemplated volume discounts if the repair business grew.<sup>67</sup> Repair prices ranged from \$750 to \$1,300 per EndoWrist.<sup>68</sup>

In January 2020, a Memorandum of Understanding was drafted between SIS and Rebotix, which contained proposed pricing terms for Interceptor chips, including volume discounts up to at \$450 per Interceptor chip at 300 units, but like the original draft, this draft agreement was never executed.<sup>69</sup> Rebotix and SIS stopped working together shortly thereafter.<sup>70</sup>

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<sup>59</sup> Deposition of Chris Gibson 40 and 59 (June 22, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>60</sup> Deposition of Stan Hamilton 38 (November 4, 2022).

<sup>61</sup> 30(b)(1) Deposition of Greg Posdal 25 (November 1, 2022).

<sup>62</sup> Deposition of Chris Gibson 162-163 (June 22, 2021) and REBOTIX061127-138 at 128-129 (Gibson Dep. Ex. 13) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>63</sup> Deposition of Chris Gibson 163 (June 22, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)). Discussion with Greg Posdal.

<sup>64</sup> 30(b)(1) Deposition of Greg Posdal 41-42 (November 1, 2022).

<sup>65</sup> 30(b)(1) Deposition of Greg Posdal 41-42 (November 1, 2022).

<sup>66</sup> **Schedule 10.1.** See also, REBOTIX162208-162212 at 212.

<sup>67</sup> Discussion with Greg Posdal.

<sup>68</sup> **Schedule 10.1.**

<sup>69</sup> Deposition of Chris Gibson 165-167 (June 22, 2021) and REBOTIX067735-737 (Gibson Dep. Ex. 14) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)). Discussion with Greg Posdal.

<sup>70</sup> Discussion with Greg Posdal.

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Rebotix started working with Restore (as addressed below) in 2018.<sup>71</sup> Originally, Restore was going to be a distributor for Rebotix, meaning they would get the EndoWrists from hospitals, send them to Rebotix for repair and reset, and then deliver them back to hospitals.<sup>72</sup> Restore then started buying Interceptors from Rebotix, so that Restore could do the repair and reset.<sup>73</sup> Rebotix sold the Interceptor to Restore for an average price of approximately \$533 per chip.<sup>74</sup> It appears Restore received a larger discount with higher chip purchases.<sup>75</sup> Ultimately, Rebotix stopped working with Restore because Restore wasn’t doing the volume Rebotix expected them to have.<sup>76</sup>

## B. Restore

Restore Robotics LLC and Restore Robotics Repair LLC (collectively, “Restore”) are Florida limited liability companies with their principal address in Panama City Beach, Florida.<sup>77</sup> They are sister companies with common ownership having majority control of both companies.<sup>78</sup> Restore services surgical robots and related instruments, Restore Robotics is the sales arm and Restore Robotics Repairs is the operations arm.<sup>79</sup>

Restore also sued Intuitive for issues related to servicing its EndoWrists, in which Rebotix claimed: (1) Monopolization; (2) Attempted Monopolization; (3) Tying; and (4) Exclusive Dealing.<sup>80</sup> I understand the case is ongoing.

SIS and Restore are partners in SIS’s EndoWrist recovery business.<sup>81</sup> SIS’s EndoWrist recovery business identifies an EndoWrists’ available lives remaining and confirms EndoWrist

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<sup>71</sup> Deposition of Clifton Parker 142 (October 25, 2022).

<sup>72</sup> Deposition of Chris Gibson 143-144 (June 22, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>73</sup> Deposition of Chris Gibson 144 (June 22, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>74</sup> **Schedule 10.0.**

<sup>75</sup> **Schedule 10.0.**

<sup>76</sup> Deposition of Chris Gibson 145-146 (June 22, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>77</sup> Second Am. Compl. ¶ 1 (*Restore Robotics LLC, et al. v. Intuitive Surgical, Inc.*, No. 5:19-cv-00055-TKW-MJF (N.D. Fla. filed Feb. 27, 2019)).

<sup>78</sup> Second Am. Compl. ¶ 1 (*Restore Robotics LLC, et al. v. Intuitive Surgical, Inc.*, No. 5:19-cv-00055-TKW-MJF (N.D. Fla. filed Feb. 27, 2019)).

<sup>79</sup> Second Am. Compl. ¶ 1 (*Restore Robotics LLC, et al. v. Intuitive Surgical, Inc.*, No. 5:19-cv-00055-TKW-MJF (N.D. Fla. filed Feb. 27, 2019)).

<sup>80</sup> Second Am. Compl. ¶¶ 106-129 (*Restore Robotics LLC, et al. v. Intuitive Surgical, Inc.*, No. 5:19-cv-00055-TKW-MJF (N.D. Fla. filed Feb. 27, 2019)).

<sup>81</sup> 30(b)(6) Deposition of Greg Posdal 51 (November 1, 2022).

Bar Index	Approximate Length (%)
1	40
2	100
3	95
4	90
5	98
6	45
7	95
8	90
9	85
10	35

### A. Launched in 1999

*The BERO Group*

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**B. da Vinci Products – 5 categories**

Intuitive’s da Vinci products fall into five categories: (1) da Vinci Surgical Systems; (2) da Vinci instruments and accessories; (3) da Vinci stapling; (4) da Vinci services; and (5) da Vinci Vision, including Firefly Fluorescence imaging systems and da Vinci Endoscopes.<sup>92</sup> Intuitive also provides a comprehensive suite of systems, learning and services options.<sup>93</sup>

**C. da Vinci Surgical System Models**

Intuitive has commercialized the following da Vinci surgical systems:<sup>94</sup>

- Standard – 1999
- da Vinci S – 2006
- da Vinci Si – 2009
- da Vinci Xi – 2014
- da Vinci X – 2017
- da Vinci SP – 2018

The da Vinci SP Surgical System accesses the body through a single incision while the other da Vinci Surgical Systems access the body through multiple incisions.<sup>95</sup> Intuitive had a “measured launch” of its da Vinci SP Surgical Systems, and, as of December 31, 2021, it had an installed base of 99 da Vinci SP Surgical Systems.<sup>96</sup>

The da Vinci Si is used primarily for single organ surgery, encompassing uterus, prostate, kidney, bladder, lung etc.<sup>97</sup> The introduction of the Xi model enabled multi-quadrant surgery and was aimed at expanding the target market into general surgery.<sup>98</sup> As of September 2016, Intuitive projected that, of the over 2,600 then-installed Si systems, between 100 and 350 (with an estimated peak of 347 systems in 2020) would be traded back to Intuitive each year.<sup>99</sup> It was

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<sup>92</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 55.

<sup>93</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 55.

<sup>94</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 55.

<sup>95</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 55.

<sup>96</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 55.

<sup>97</sup> Intuitive-00102938-00102989 at 942.

<sup>98</sup> Intuitive-00102938-00102989 at 942.

<sup>99</sup> Intuitive-00102938-00102989 at 942.



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also estimated that Si systems would continue to be in active clinical use well past 2027, when there would be over 250 systems installed, representing a very “long tail” of support for an aging, but still very clinically useful, product.<sup>100</sup> As of September 2019, Intuitive discontinued the sale of certain EndoWrist Instruments on the Si robot.<sup>101</sup> I understand Intuitive provided incentives for customers to upgrade to the X/Xi and informed its customers that it would not service Si systems or allow purchase of Si instruments past 2024 or whatever was in a customer’s contract.<sup>102</sup>

**D. Placed primarily in acute care hospitals<sup>103</sup>**

The da Vinci Surgical Systems (including EndoWrists) are primarily placed (i.e., sold or leased) for use in acute care hospitals.<sup>104</sup> I understand the number of acute care hospitals in the U.S. changes over time for a variety of reasons, such as how hospitals are categorized and timing.<sup>105</sup> In 2019, according to the Centers for Medicare and Medicaid, there were approximately 4,749 acute care hospitals in the U.S.<sup>106</sup> According to the American Hospital Association, in 2022 there were 6,093 hospitals in the U.S., of which 5,139 were community hospitals, which include acute care hospitals.<sup>107</sup> According to another health care website, there were approximately 4,200 acute health care hospitals in the U.S. as of March 2022.<sup>108</sup>

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<sup>100</sup> Intuitive-00102938-00102989 at 942.

<sup>101</sup> SIS009443-449 at 444.

<sup>102</sup> See, e.g., Intuitive-00389936; Deposition of Todd Tourand 22-26 (November 4, 2022).

<sup>103</sup> Intuitive uses the word “placement” in its 10-K, presumably because some of its da Vinci Surgical Systems are “placed” under operating leases and not sold. Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 69.

<sup>104</sup> Discussion with Keith Johnson; I understand invasive procedures that are amenable to the use of robotics in surgeries are also performed as outpatient procedures (Intuitive-00808372-00808551 at 388).

<sup>105</sup> Discussion with Jean Sargent.

<sup>106</sup> <https://www.carevoyance.com/blog/acute-care-hospitals>.

<sup>107</sup> <https://www.aha.org/statistics/fast-facts-us-hospitals>.

<sup>108</sup> See, e.g., <https://www.definitivehc.com/blog/how-many-hospitals-are-in-the-us>. This information was as of March 2022, and this amount consists of 3,822 short-term acute care hospitals and 394 long-term acute care hospitals.

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**E. da Vinci Surgical System Components**

The da Vinci surgical system is comprised of a surgeon’s console, patient-side cart, 3DHD vision system, Firefly fluorescence imaging components and a da Vinci integrated table motion.<sup>109</sup>

**1. Surgeon’s Console**

The da Vinci Surgical System allows surgeons to operate while comfortably seated at an ergonomic console viewing a 3DHD image of the surgical field.<sup>110</sup> The da Vinci Surgical System is designed to allow surgeons to operate while seated, which may be clinically advantageous because of reduced surgeon fatigue.<sup>111</sup> The surgeon’s fingers grasp instrument controls below the display with the surgeon’s hands naturally positioned relative to his or her eyes.<sup>112</sup> Using electronic hardware, software, algorithms, and mechanics, the technology translates the surgeon’s hand movements into precise and corresponding real-time micro movements of the da Vinci instruments positioned inside the patient.<sup>113</sup> A second surgeon’s console may be used on the da Vinci X, da Vinci Xi, and da Vinci Si models.<sup>114</sup>

**2. Patient-Side Cart**

The patient-side cart holds electromechanical arms that manipulate the instruments inside the patient.<sup>115</sup> Up to four arms attached to the cart can be positioned, as appropriate, and then locked into place.<sup>116</sup> At least two arms hold surgical instruments, one representing the surgeon’s left hand and one representing the surgeon’s right hand.<sup>117</sup> A third arm positions the endoscope, allowing the surgeon to easily move, zoom, and rotate the field of vision.<sup>118</sup> A fourth instrument arm extends surgical capabilities by enabling the surgeon to add a third instrument to perform

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<sup>109</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 6-7.

<sup>110</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 6.

<sup>111</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>112</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 6.

<sup>113</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 6-7.

<sup>114</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>115</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>116</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>117</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>118</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

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additional tasks.<sup>119</sup> The fourth instrument arm is a standard, integrated feature on the da Vinci X, da Vinci Xi, and da Vinci Si Surgical Systems.<sup>120</sup>

### 3. 3DHD Vision System

The vision system includes a 3DHD endoscope with two independent vision channels linked to two separate color monitors through sophisticated image processing electronics and software.<sup>121</sup> The resulting 3DHD image has high resolution, high contrast, low flicker, and low cross fading.<sup>122</sup> A digital zoom feature in the 3DHD vision system allows surgeons to magnify the surgical field of view without adjusting the endoscope position and, thereby, reduces interference between the endoscope and instruments.<sup>123</sup> The 3DHD vision system is a standard, integrated feature on the da Vinci X, da Vinci Xi, da Vinci SP, da Vinci Si, and da Vinci S Surgical Systems.<sup>124</sup>

### 4. Firefly Fluorescence Imaging (“Firefly”)

Firefly is a standard feature of the da Vinci X and da Vinci Xi Surgical Systems and is available as an upgrade on the da Vinci Si Surgical System.<sup>125</sup> This imaging capability combines an injectable fluorescent dye with a specialized da Vinci camera head, endoscope, and laser-based illuminator to allow surgeons to identify vasculature, tissue perfusion, or biliary ducts in three dimensions beneath tissue surfaces in real-time.<sup>126</sup> Firefly is typically used in the procedure categories of urology, gynecology, and general surgery.<sup>127</sup>

### 5. Da Vinci Xi Integrated Table Motion

Integrated Table Motion coordinates the movements of the da Vinci robotic arms with an advanced operating room (“OR”) table to enable managing the patient’s position in real-time

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<sup>119</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>120</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>121</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>122</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>123</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>124</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>125</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>126</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>127</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.



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while the da Vinci robotic arms remain docked.<sup>128</sup> This gives OR teams the capability to optimally position the operating table during da Vinci Surgical System procedures.<sup>129</sup> Integrated Table Motion enables surgeons to maximize reach, facilitate access, and choose the angle of approach to target anatomy, as well as reposition the table during the procedure to enhance anesthesiologists’ management of the patient.<sup>130</sup>

**F. U.S. systems sales – 600 and 865 systems placed in 2020 and 2021**

Intuitive placed 600 and 865 U.S. da Vinci Surgical Systems in 2020 and 2021, respectively.<sup>131</sup> Worldwide, Intuitive placed 936 and 1,347 da Vinci Surgical Systems in 2020 and 2021, respectively.<sup>132</sup>

**G. Installed U.S. daVinci systems – 3,720 units and 4,139 units as of December 31, 2020 and December 31, 2021**

Intuitive’s installed U.S. daVinci systems base grew from 3,531 units as of December 31, 2019<sup>133</sup> to 3,720 units as of December 31, 2020<sup>134</sup> and 4,139 units as of December 31, 2021.<sup>135</sup> Worldwide, Intuitive’s installed base grew from 5,582 units as of December 31, 2019,<sup>136</sup> 5,989 units as of December 31, 2020<sup>137</sup> and 6,730 units as of December 31, 2021.<sup>138</sup>

**H. Number of daVinci procedures**

There are approximately 70 representative clinical uses for da Vinci Surgical Systems.<sup>139</sup> Intuitive uses the number of da Vinci procedures as metrics for financial and operation decision making and to evaluate period-to-period comparisons.<sup>140</sup> Intuitive believes the number and type

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<sup>128</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>129</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>130</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

<sup>131</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 69. Intuitive uses the word “placement” in its 10-K, presumably because some of its da Vinci Surgical Systems are “placed” under operating leases and not sold.

<sup>132</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 69.

<sup>133</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2019 at 10.

<sup>134</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2020 at 10.

<sup>135</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 12.

<sup>136</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2019 at 10.

<sup>137</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2020 at 10.

<sup>138</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 12.

<sup>139</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 12.

<sup>140</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 62.

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of da Vinci procedures provide meaningful information regarding its performance, and that procedure volume is an indicator of the rate of adoption of robotic-assisted surgery and an indicator of future revenue.<sup>141</sup>

Worldwide, approximately 1,229,000, 1,243,000 and 1,594,000 surgical procedures were performed with da Vinci Surgical Systems in 2019, 2020 and 2021, respectively.<sup>142</sup> In the U.S., approximately 883,000, 876,000 and 1,109,000 surgical procedures were performed with da Vinci Surgical Systems in 2019, 2020 and 2021, respectively.<sup>143</sup> General surgery was Intuitive’s largest and fastest growing specialty in the U.S. in 2021 with approximately 589,000 procedures, followed by gynecology with approximately 316,000 procedures and urology with approximately 153,000 procedures.<sup>144</sup>

### **I. da Vinci Surgical Systems Sales and Profits**

Intuitive does not break out its da Vinci Systems sales and profits on its 10-K’s. From 2017 through 2020, Intuitive’s “Systems” revenue ranged from approximately \$900 million to \$1.35 billion per year,<sup>145</sup> the majority of which appears to be revenue for da Vinci Surgical Systems.<sup>146</sup> Intuitive’s contribution margins on its “Systems” revenue ranged from approximately 60% to 67% from 2017 through 2020.<sup>147</sup> Intuitive’s contribution margin includes direct labor, direct materials, sales commissions and a few other associated costs.<sup>148</sup> Intuitive considers contribution margins to be more meaningful than gross margins.<sup>149</sup>

### **V. Intuitive’s EndoWrist Instruments and Accessories**

Intuitive offers a comprehensive suite of stapling, energy, and core instrumentation for its surgical systems.<sup>150</sup> Intuitive also sells accessory products and other instruments used in

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<sup>141</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 62.

<sup>142</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 63.

<sup>143</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 63.

<sup>144</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 63.

<sup>145</sup> Marshall Mohr Dep. Ex. 234 (Intuitive-00595405).

<sup>146</sup> Based on Intuitive’s 10-K’s, da Vinci Surgical Systems appear to make up the majority of its “Systems” revenue.

<sup>147</sup> Marshall Mohr Dep. Ex. 234 (Intuitive-00595405).

<sup>148</sup> 30(b)(6) Deposition of Marshall Mohr 34 (November 7, 2022).

<sup>149</sup> 30(b)(6) Deposition of Marshall Mohr 33-34 (November 7, 2022).

<sup>150</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7.

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conjunction with daVinci Surgical Systems such as sterile drapes, vision products, camera heads and light guides.<sup>151</sup>

Intuitive’s EndoWrist instruments include forceps, scissors, electrocautery tools and other surgical tools that are sold for use with da Vinci Surgical Systems.<sup>152</sup> EndoWrist instruments are offered in a variety of diameters, of which 8mm and 12mm diameters are the most commonly sold.<sup>153</sup> A variety of instruments can be selected and used interchangeable during surgery.<sup>154</sup>

**A. 10 to 18 uses per EndoWrist**

A programmed memory chip inside each instrument performs several functions that help determine how the da Vinci system and instruments work together.<sup>155</sup> The memory chip will generally not allow the instrument to be used for more than the prescribed number of procedures.<sup>156</sup> When the usage counter reaches a specified number of uses, the instrument is rendered unusable with the da Vinci robot.<sup>157</sup> EndoWrists are sold with a limited number of uses (or “lives”), ranging from 10 to 18 uses, depending on instrument type and whether it is a Si/X/Xi.<sup>158</sup>

In 2020, Intuitive introduced an “Extended Use Program” for select da Vinci X/Xi instruments possessing 12 to 18 uses compared to the previous 10-use limit for these EndoWrist instruments.<sup>159</sup> I understand the design of the “Extended Use” instruments was similar to 10-use limit instruments and the costs of the “Extended Use” instruments to Intuitive would be “really close” to instruments with 10 uses.<sup>160</sup>

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<sup>151</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 8.

<sup>152</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 8.

<sup>153</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 7-8.

<sup>154</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 8.

<sup>155</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 8.

<sup>156</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 8.

<sup>157</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2020 at 7.

<sup>158</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 8. *See also, e.g.*, Intuitive’s October 2021 Instrument and Accessory Catalog X Xi.pdf. I understand all Si EndoWrists only have 10 uses.

<sup>159</sup> Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021 at 8; *see also*, Intuitive-00004692-00004704 at 695-696.

<sup>160</sup> *See, e.g.*, Deposition of Sharathchandra “Shark” Somayaji 94-103 (November 8, 2022). I understand Extended Use EndoWrist instruments also sell for more than 10-use EndoWrists.

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**B. S/Si and X/Xi EndoWrists are essentially the same (except for encryption)**

I understand Intuitive’s S/Si and X/Xi EndoWrist instruments are used for the same applications and essentially perform the same functions.<sup>161</sup> The primary difference is the encryption for the X/Xi instruments is different than it is for the S/Si instruments.<sup>162</sup> [REDACTED]

[REDACTED]

**C. U.S. S/Si and X/Xi EndoWrist annual unit sales – 2014 through annualized 2022**

Intuitive’s S/Si and X/Xi EndoWrist unit sales, which were potentially repairable by SIS, from 2014 through annualized 2022 are summarized in **Table 3**.<sup>164</sup>

**Table 3: Intuitive’s S/Si and X/Xi EndoWrist unit sales, which were potentially repairable by SIS: 2014 – annualized 2022**

	2014	2015	2016	2017	2018	2019	2020	2021	2022 (annualized)	Total
S/Si	199,258	188,205	183,207	171,337	144,114	104,728	52,970	22,411	8,214	1,074,444
X/Xi	10,436	42,961	78,556	128,069	189,175	266,399	299,954	346,579	365,304	1,727,433
Total	209,694	231,166	261,763	299,406	333,289	371,127	352,924	368,990	373,518	2,801,877

**D. EndoWrist sales and profits**

Intuitive’s “Instruments & Accessories” revenue, the majority of which comes from EndoWrists,<sup>165</sup> increased from approximately \$1.6 billion in 2017 to almost \$2.5 billion in 2020.<sup>166</sup> Intuitive’s contribution margins on its “Instruments and Accessories” ranged from approximately 72% to 75% between 2017 and 2020.<sup>167</sup> Intuitive’s instruments generally have

<sup>161</sup> See, e.g., Deposition of Grant DuQue 25-36, 48-52 and 156-157 (November 8, 2022).

<sup>162</sup> See, e.g., 30(b)(6) Deposition of Grant DuQue 30-41 (November 8, 2022) and Deposition of Sharathchandra “Shark” Somayaji 108-112 and 122-124 (November 8, 2022).

<sup>163</sup> Deposition of Clifton Parker 133-134 (October 25, 2022).

<sup>164</sup> **Schedule 13.0.**

<sup>165</sup> 30(b)(6) Deposition of Marshall Mohr 44-45 (November 7, 2022).

<sup>166</sup> Marshall Mohr Dep. Ex. 234 (Intuitive-00595405).

<sup>167</sup> Marshall Mohr Dep. Ex. 234 (Intuitive-00595405).



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higher margins than its accessories.<sup>168</sup> For example, Intuitive has sold EndoWrists with gross margins over 90%.<sup>169</sup>

**E. Expired and potentially repairable EndoWrists approximate 60% of current year units sold**

Not all EndoWrists sold would necessarily expire, and inherently there would be some amount of time lag between an initial unit sale and subsequent expiration. To my knowledge, Intuitive does not publish the number of expired EndoWrist units. However, based on Intuitive projections, it appears the number of expired EndoWrists was expected to reasonably approximate 60% of EndoWrists sold in the current year.<sup>170</sup>

In approximately August 2017, Intuitive projected 2018 through 2022 annual expirations for the “Top 5” X/Xi EndoWrist instruments and core X/Xi EndoWrist instruments.<sup>171</sup> As noted above, annual X/Xi EndoWrist sales were increasing and have continued to increase.

The projected 2018 Top 5 X/Xi EndoWrist expired unit sales comprised 60% of the total actual 2018 Top 5 X/Xi EndoWrist unit sales.<sup>172</sup> **Table 4** below shows Intuitive’s projected 2018 and 2019 Top 5 X/Xi EndoWrists expired unit sales as a percentage of the actual 2018 and 2019 2020 EndoWrist sales for those same 5 instruments.<sup>173</sup>

**Table 4: Projected Top 5 X/Xi EndoWrist expired units and Actual Top 5 X/Xi EndoWrist units**

	2018	2019	Total
Projected Top 5 X/Xi EndoWrists expired units	73,129	100,376	173,505
Actual Top 5 X/Xi EndoWrists expired units	121,440	166,666	288,106
Projected as a % of actual	60%	60%	60%

<sup>168</sup> 30(b)(6) Deposition of Marshall Mohr 41-42 (November 7, 2022).

<sup>169</sup> Intuitive-00686044.

<sup>170</sup> **Schedule 7.0.**

<sup>171</sup> 30(b)(6) Deposition of Colin Morales 35-43 (November 1, 2022). *See also*, Morales Dep. Ex.’s 139, 140 and 141 at 1.

<sup>172</sup> **Schedule 7.0.**

<sup>173</sup> **Schedule 7.0.**

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**VI. SIS’s EndoWrist repair service**

In 2019, SIS began selling and promoting its EndoWrist repair service business.<sup>174</sup> The initial focus of SIS’s EndoWrist repair service was for Intuitive’s S/Si instruments.<sup>175</sup> SIS gave multiple EndoWrist repair service presentations to the U.S.’s largest GPO (Vizient, Inc.), and to a division (Yankee Alliance) of the second largest GPO (Premier),<sup>176</sup> who, between them, cover the majority of acute health care providers in the U.S.<sup>177</sup> As described more below, SIS and Vizient entered into an agreement specific to EndoWrist repairs in September 2019.<sup>178</sup>

SIS also gave EndoWrist repair service presentations and had live or virtual meetings with at least the following 29 health care systems:<sup>179</sup>

1. Banner Health System with 33 hospitals;
2. Legacy Health with 6 hospitals;
3. Providence Health System with 53 hospitals;
4. Marin Health;
5. Honor Health with 6 hospitals;
6. Methodist Hospital of Southern California;
7. Memorial Care with 3 Hospitals;
8. University Medical Center Irvine;
9. Kaiser Permanente with 50 plus hospitals;
10. USC Medical Center;
11. University of Illinois Medical Center;
12. Johns Hopkins MC;
13. Advocate Aurora Health System with 24 hospitals;
14. Ardent Health with 33 hospitals;
15. University Michigan Medical Center;
16. Duke University Medical Center;
17. Piedmont Healthcare with 17 hospitals;

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<sup>174</sup> Discussions with Keith Johnson and Greg Posdal.

<sup>175</sup> 30(b)(1) Deposition of Greg Posdal 35 (November 1, 2022). Discussions with Keith Johnson and Greg Posdal.

<sup>176</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 2 (May 20, 2022). Discussion with Keith Johnson.

<sup>177</sup> Discussion with Keith Johnson. *See, e.g.*, SIS001621-001629 and SIS010691-010707.

<sup>178</sup> SIS000047-000049.

<sup>179</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 2 (May 20, 2022). Discussion with Keith Johnson.

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18. Salinas Valley Medical Center;
19. Pomona Valley Medical Center;
20. UHS with 33 hospitals;
21. SSM with 23 hospitals;
22. Redland Community Hospital;
23. Northside Health with 6 hospitals;
24. Northeast Georgia Health with 6 hospitals;
25. Mayo Clinic;
26. Beth Israel Lahey Health with 13 hospitals;
27. Boston Children’s Medical Center;
28. Indiana University Health;
29. Northwestern Memorial Healthcare;

**A. Monumental Interest in SIS’s repair program**

Consistent with the many presentations in a short period, the GPO’s and hospital systems’ interest in SIS’s repair program was “monumental.” According to Keith Johnson, SIS’s Vice President of Executive Sales and Clinical Programs, SIS had meetings with what probably represented over a thousand hospitals about SIS’s Xi repair program.<sup>180</sup> Keith Johnson also testified he has presented to multiple groups of Vizient regional employees and representatives.<sup>181</sup>

Keith Johnson testified SIS’s potential EndoWrist business revenue was somewhere in the range of \$250 million to \$350 million per year, based on:<sup>182</sup>

...conversations I had with key customers to understand the number of robotics they had, the number of robots they had, the dollars spent on devices and instrumentation for those robots, and

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<sup>180</sup> 30(b)(6) Deposition of Keith Johnson 44-45 (October 27, 2022). Mr. Johnson listed the following hospitals he has spoken to about SIS’s Xi repair program: Legacy Health, Providence Health System, Sutter Health, Kaiser Permanente, Memorial Care, the UC California system, Banner Health System, Honor Health, Baylor Scott & White, University health systems across the country from Michigan to Duke to North Carolina, Mayo Clinic, Cleveland Clinic, Advocate Aurora, Lahey Health System, Boston’s Children’s Medical Center, Piedmont Health System, Piedmont and John Hopkins.

<sup>181</sup> 30(b)(6) Deposition of Keith Johnson 45 (October 27, 2022). *See also*, SIS343965-343971 at 970, where the four Vizient regions are identified as West, Central, Southeast and Northeast Zones. Based on discussions with Keith Johnson, I understand he misspoke in his deposition, as he never gave a presentation to Vizient’s Northeast Zone.

<sup>182</sup> Deposition of Keith Johnson 17 (October 27, 2022).

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then looking at our global customer list through Vizient and the opportunities we would have.

Regarding customer demand, Keith Johnson testified:<sup>183</sup>

...Every person I called, every organization I called, took a meeting. We sat down with all of them. They were – they all wanted it.

The reason that we felt great about scalability is we didn’t have any competition, we were it. It was a program everybody wanted, there – we weren’t fighting the OEM on the repairs, we weren’t fighting other companies, it was us, so the ability to scale was – was huge.

While Intuitive’s S/Si business was SIS’s initial focus, there was “monumental” interest from hospitals in its X/Xi repair business.<sup>184</sup> For example, Keith Johnson testified “the interest in saving and reducing costs on robotic surgery in the industry is something I’ve never seen before in my 25 years of being in the surgical business.”<sup>185</sup>

**B. SIS’s sales prices ranging from \$1,100 to \$1,700 per repair, representing an average discount of 42%**

SIS’s pricing for the EndoWrist products ranged from \$1,100 to \$1,700 and covered 38 different EndoWrist products.<sup>186</sup> As shown on **Schedule 12.2** these prices represented an average discount of 42% off Intuitive’s new instrument prices.

**C. SIS’s estimated repair services applied to all U.S. da Vinci systems’ installed base equates to more than \$800 million potential EndoWrist repair service revenue per year**

In December 2019, Keith Johnson estimated that SIS could average \$220,000 in gross revenue per year per Si robot for its services based on discussions with various customers.<sup>187</sup> The revenue per robot expectations for X / Xi robots were similar.<sup>188</sup>

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<sup>183</sup> Deposition of Keith Johnson 20 (October 27, 2022).

<sup>184</sup> 30(b)(6) Deposition of Keith Johnson 44 (October 27, 2022). Discussion with Keith Johnson.

<sup>185</sup> 30(b)(6) Deposition of Keith Johnson 44 (October 27, 2022).

<sup>186</sup> SIS0000047-0000049.

<sup>187</sup> Discussion with Keith Johnson.

<sup>188</sup> Discussion with Keith Johnson.



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An October 2019 Banner Health presentation noted that Banner Health had spent approximately \$8.8 million on EndoWrist instruments in the past 24 months for its 13 Si robots.<sup>189</sup> This calculates to approximately \$338,000 per year per Si robot.<sup>190</sup>

Applying \$220,000 to Intuitive’s total 3,720 December 31, 2020 U.S. da Vinci systems installed base (all da Vinci systems) equates to a potential \$818.4 million annual SIS EndoWrist service revenue in 2021.<sup>191</sup>

#### **D. Subcontracted 2019 repair work to Rebotix**

At SIS’s EndoWrist repair business inception in 2019, SIS subcontracted its repair work to Rebotix.<sup>192</sup> SIS had long-standing direct relationships and a strong reputation with hospitals, and SIS and Rebotix discussed (but never executed) a distributor agreement.<sup>193</sup> As addressed above, SIS generated monumental interest and did begin selling and distributing repair services.

Rebotix initially repaired SIS’s EndoWrists. The EndoWrist repair process included initial disassembly and inspection, checking the mechanical operation and integrity of all mechanical components, an electrical integrity check to confirm integrity of electrical insulation, cleaning, sharpening or alignment of the instrument tip, a series of tests to confirm movements of the instrument tip are within original specifications, and setting the counter to a value corresponding to the initial setting of a new EndoWrist instrument.<sup>194</sup> Under this repair process, third parties such as Rebotix were suppliers to SIS (or SIS was the distributor), which had client contracts.<sup>195</sup>

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<sup>189</sup> SIS009443-949 at 947-948. Discussion with Keith Johnson.

<sup>190</sup> \$8.8 million / 2 = \$4,400,000 per year. \$4,400,000 / 13 robots = approximately \$338,000 per Si robot per year.

<sup>191</sup> 3,720 installed base (per above) x \$220,000 per robot = approximately \$818.4 million. Using the installed base as an estimate for potential 2021 revenue likely understates this amount, since it does not take into account any other units placed into service during 2021.

<sup>192</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022). *See also*, 30(b)(1) Deposition of Greg Posdal 23-27 (November 1, 2022).

<sup>193</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022).

<sup>194</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022).

<sup>195</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022).

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**E. Initial EndoWrist Repair Sales and Customers**

While SIS’s repair business caught Intuitive’s attention, SIS’s initial EndoWrist repairs were minimal before they were stopped. SIS serviced 49 EndoWrists and had at least \$38,900 in total revenue with a price range of \$1,100 to \$1,700 per EndoWrist repair.<sup>196</sup>

Prior to Intuitive’s actions of sending cease and desist letters to SIS’s customers and potential customers, SIS’s EndoWrist repair customers included Legacy Health System, Marin Health Medical Center, Kaiser Permanente Fontana Medical Center and Advocate Aurora Health System and its potential customers included Banner Health System, Piedmont Healthcare and Vizient, among others.<sup>197</sup>

**F. Intended to repair EndoWrists in-house**

SIS intended to bring all EndoWrist repairs in-house to its Glendale Heights facility.<sup>198</sup> SIS began setting up its own repair capabilities at its facilities in Glendale Heights, Illinois, based on the existing Rebotix process.<sup>199</sup>

In February 2020, SIS hosted an EndoWrist repairs meeting at its Glendale Heights facility.<sup>200</sup> Multiple representatives of a large hospital system with tens of millions of dollars in annual EndoWrist costs attended.<sup>201</sup> The attendees discussed SIS performing repairs of EndoWrists, i.e., with third parties such as Rebotix providing the updated chip and SIS performing the underlying repairs at its facilities.<sup>202</sup>

**G. EndoWrist Recovery (as opposed to repair) Program**

SIS also offers a Robotic EndoWrist Inspection and Recovery Program wherein SIS recovers and inspects instruments to determine if the instrument(s) have any remaining uses.<sup>203</sup>

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<sup>196</sup> **Schedule 14.0.**

<sup>197</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 4 (August 8, 2022). SIS000167 (Posdal Dep. Ex. 142). Discussion with Keith Johnson.

<sup>198</sup> 30(b)(1) Deposition of Greg Posdal 25-31 (November 1, 2022).

<sup>199</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022). Discussion with Greg Posdal.

<sup>200</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022).

<sup>201</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022).

<sup>202</sup> Plaintiff’s Response to Intuitive’s Interrogatory No. 5 (August 8, 2022).

<sup>203</sup> SIS003902-003903.

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As of January 2021, an estimated 10% to 23% of disposed EndoWrists still had active uses remaining.<sup>204</sup>

Similar to the repair business opportunities, SIS believes there are great opportunities in its recovery business.<sup>205</sup> For example, in 2019, Banner Health System estimated it discarded an estimated \$8 million worth of unused lives in EndoWrists.<sup>206</sup>

## **VII. Intuitive considered its own instrument refurbishment service but decided against it**

Given Intuitive’s knowledge regarding hospitals’ interest in repair services and its desire to preempt third-party repairs, in 2017 and 2018, Intuitive looked at developing an instrument refurbishment service for core instruments (such as EndoWrists) code-named “Project Dragon,” wherein the instruments would be returned to like new condition.<sup>207</sup> Project Dragon provides Intuitive’s insight about repairing / refurbishing EndoWrist instruments.

According to a 2017 Project Dragon presentation, Intuitive considered the reprocessed, SUD market to be the closest parallel to its proposed refurbished instrument plan.<sup>208</sup> The presentation also stated that the “reprocessed, lap, direct energy market” is the best parallel within that market.<sup>209</sup>

According to this Project Dragon presentation, the customer value of Project Dragon included: 1) an opportunity for Intuitive’s customers to have improved running costs associated with da Vinci procedures, which it believed would grow or accelerate growth in procedures. As part of this, Intuitive proposed a 20% discount (as opposed to a 30% discount), which it believed would maintain its position as a partner and not force it into a commodity position; 2) Increasing customer confidence in refurbished, low cost instruments, as Intuitive expected third party companies would be offering reprogrammed da Vinci instruments; and 3) Benefitting from reduced environmental and economic overhead associated with da Vinci waste.<sup>210</sup> This

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<sup>204</sup> SIS003902-003903.

<sup>205</sup> Discussion with Keith Johnson and Greg Posdal.

<sup>206</sup> SIS343965-343971 at 969.

<sup>207</sup> See, e.g., Intuitive-00103407-00103426 and Intuitive-00104182-00104207 (Morales Dep. Ex. 126).

<sup>208</sup> See, e.g., Intuitive-00103407-00103426 at 410 and 413.

<sup>209</sup> See, e.g., Intuitive-00103407-00103426 at 413.

<sup>210</sup> See, e.g., Intuitive-00103407-00103426 at 409 and Intuitive-00104182-00104207 (Morales Dep. Ex. 126) at 185.

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presentation also noted that Intuitive would be challenged to compete if competitors entered the market and offered discounts of approximately 50%.<sup>211</sup>

This presentation also stated that reprocessed SUDs represented 10% and were projected to grow to 15% in the next 10 years.<sup>212</sup> Later Intuitive Project Dragon presentations in July 2017 and April 2018 considered a 20% penetration rate for refurbished sales.<sup>213</sup> In August 2019, Intuitive considered penetration rates up to 50%.<sup>214</sup>

I understand Intuitive never went forward with Project Dragon,<sup>215</sup> in part because it was too expensive.<sup>216</sup>

### VIII. Rebotix’s repair program – working with SIS

In the spring / summer of 2019, SIS began working with Rebotix on its EndoWrist repair business.<sup>217</sup> SIS initially provided the repair business customers while Rebotix provided the Interceptor chip (or “repair chip”) to reset S / Si EndoWrist counters enabling additional EndoWrist uses and the actual repair.<sup>218</sup>

SIS intended to bring the EndoWrist repair work in-house, like it does with its other repair services, while purchasing the Interceptor chip from Rebotix and/or a similar chip from Restore.<sup>219</sup> In 2019, SIS and Rebotix had a draft agreement, that would have required SIS to

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<sup>211</sup> See, e.g., Intuitive-00103407-00103426 at 410 and Intuitive-00104182-00104207 (Morales Dep. Ex. 126) at 186.

<sup>212</sup> See, e.g., Intuitive-00103407-00103426 at 413.

<sup>213</sup> Intuitive-00098370, Intuitive-00098681 and Deposition of Ronald Blair 81-82 (May 24, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)). Intuitive-00092805, Intuitive-00098370; see also, 30(b)(6) Deposition of Nickola Goodson 162-165 (October 27, 2022).

<sup>214</sup> See, e.g., Intuitive-00581814-00581883 at 858, 868 and 877. One estimate shows 59,700 refurbished Xi instruments out of a total 144,985 Xi instruments forecasted in 2020. The other estimate shows 72,492 refurbished Xi instruments out of a total 144,985 Xi instruments forecasted in 2020. See also, Intuitive-00086011-082 at 054, 064 and 073.

<sup>215</sup> Deposition of Katie Scoville 11-13 (May 26, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)); Deposition of Ron Bair 67-69 and 144-147 (May 24, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>216</sup> Deposition of Margaret Nixon 109-110 (October 7, 2022).

<sup>217</sup> 30(b)(1) Deposition of Greg Posdal 23-25 (November 1, 2022).

<sup>218</sup> 30(b)(1) Deposition of Greg Posdal 25 (November 1, 2022).

<sup>219</sup> 30(b)(1) Deposition of Greg Posdal 25 (November 1, 2022).



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**IX. Restore’s repair program – working with SIS**

SIS and Restore are partners in SIS’s EndoWrist recovery business for Si and Xi instruments.<sup>231</sup> SIS’s EndoWrist recovery business identifies the available lives or uses remaining on an EndoWrist and confirms EndoWrist instrument functionality.<sup>232</sup> SIS essentially is the recovery business sales arm, bringing in recovery business customers, while Restore checks the EndoWrist instruments for remaining lives and checks functionality.<sup>233</sup> The EndoWrist recovery process involves attaching a reader to an EndoWrist instrument, which reads and notes the number of available lives the instrument has, and the EndoWrist instrument is then returned to its hospital.<sup>234</sup>

**A. Expected greater than 70%to 80% of market would use repair services**

As discussed herein, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**B.**

[REDACTED]

[REDACTED]<sup>236</sup>

**C.**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>231</sup> 30(b)(6) Deposition of Greg Posdal 51 (November 1, 2022).

<sup>232</sup> Discussion with Greg Posdal. *See also, e.g.*, SIS010151.

<sup>233</sup> 30(b)(6) Deposition of Greg Posdal 51 (November 1, 2022). Discussion with Greg Posdal.

<sup>234</sup> 30(b)(6) Deposition of Greg Posdal 51-52 (November 1, 2022).

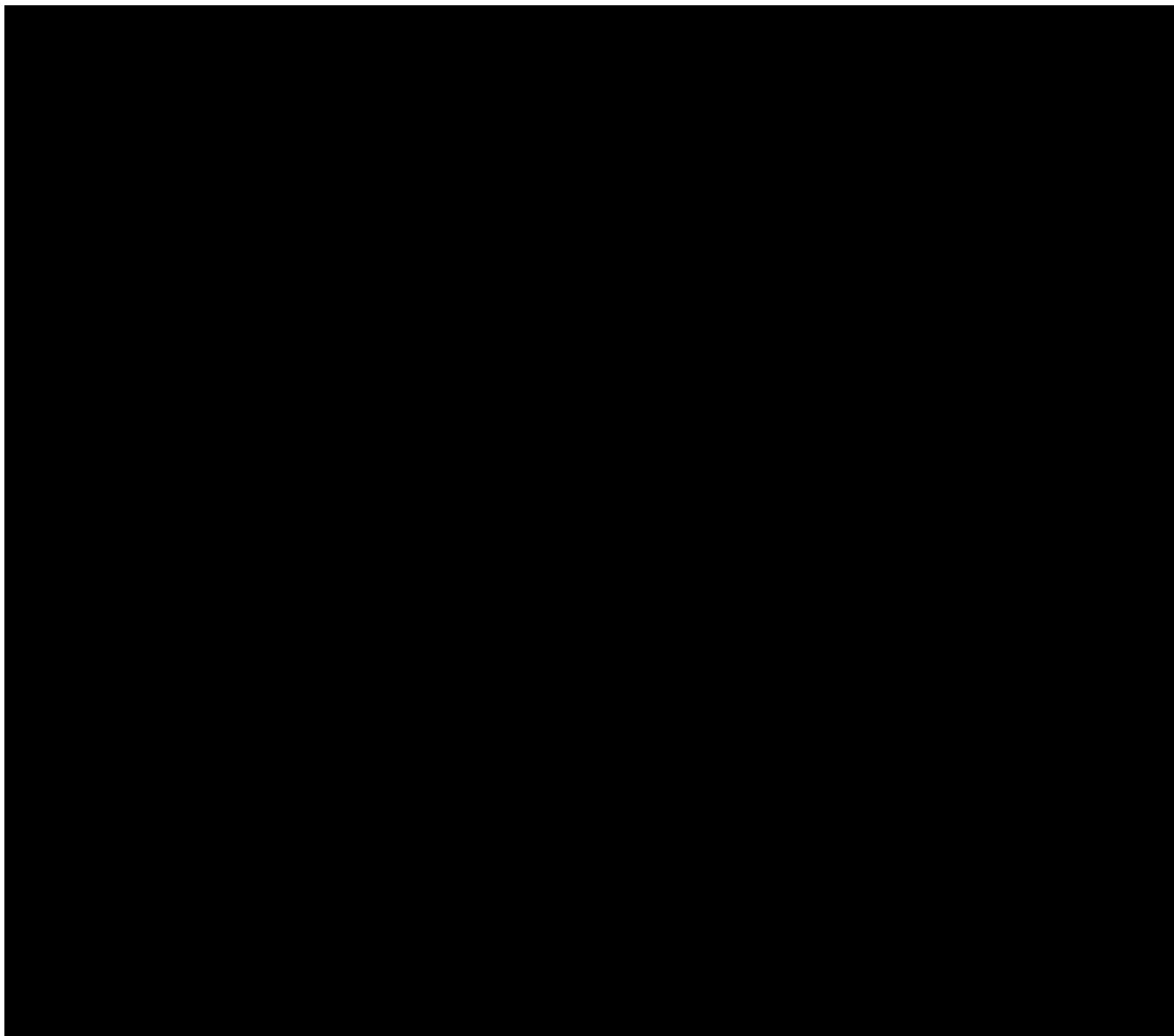
<sup>235</sup> Deposition of Clifton Parker 166-167 (October 25, 2022).

<sup>236</sup> [REDACTED]

[REDACTED]

[REDACTED]

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<sup>237</sup> Deposition of Kevin May 75-76 (November 3, 2022).

<sup>238</sup> Deposition of Clifton Parker 144 (October 25, 2022). Of this amount, approximately \$1.2 million was spent on bypassing the S/Si chip.

<sup>239</sup> Deposition of Clifton Parker 172 (October 25, 2022).

<sup>240</sup> Deposition of Clifton Parker 174-175 (October 25, 2022).

<sup>241</sup> Deposition of Clifton Parker 143-144 (October 25, 2022).

<sup>242</sup> Deposition of Kevin May 117-118 (November 3, 2022).

<sup>243</sup> Deposition of Clifton Parker 142 (October 25, 2022).

<sup>244</sup> Deposition of Kevin May 75-76 (November 3, 2022).

<sup>245</sup> Deposition of Kevin May 40 (November 3, 2022). May Dep. Ex. 155 (Restore-00091199-206 at 199).

<sup>246</sup> Deposition of Kevin May 40 (November 3, 2022).

<sup>247</sup> Deposition of Kevin May 60-61 (November 3, 2022).

<sup>248</sup> Based on discussion with Kurt Humphrey.



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**X. GPO’s**

GPO’s are entities that help healthcare providers, such as hospitals, nursing homes and home health agencies, realize savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors and other vendors.<sup>249</sup> The three largest U.S. GPO’s are Vizient, Inc., Premier and Health Trust.<sup>250</sup>

**A. Vizient – more than 60% of U.S. acute care providers in 2022**

Vizient, Inc. (“Vizient”) is the largest GPO in the U.S., with approximately 449,000 staffed beds.<sup>251</sup> As of 2019, Vizient served more than 50% of the health care organizations in the U.S.<sup>252</sup> As of late November 2022, Vizient serves more than 60% of U.S. acute care hospitals, 97% of academic medical centers and more than 20% of ambulatory care providers.<sup>253</sup> I understand Vizient’s core business is larger hospitals or hospital systems, which tend to have at least average size acute care providers.<sup>254</sup>

Vizient provides expertise, analytics and advisory services and has a contract portfolio representing more than \$130 billion in annual purchasing volume.<sup>255</sup> Vizient's solutions and services improve the delivery of high-value care by aligning cost, quality and market performance.<sup>256</sup> Vizient represents between 3,500 and 4,000 hospitals.<sup>257</sup>

**1. September 2016 Vizient – SIS Agreement**

In 2016, Vizient Supply LLC and SIS entered into a Supplier Services Agreement for instrument repair that was effective September 1, 2016 (the “September 2016 Vizient

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<sup>249</sup> <https://supplychainassociation.org/about-us/what-is-gpo/>.

<sup>250</sup> Discussion with Keith Johnson and Greg Posdal. Intuitive-00807510-00807557 at 549.

<sup>251</sup> See, e.g., <https://newsroom.vizientinc.com/en-US/releases/vizient-announces-11-member-agreements-for-q1-2022> and <https://www.definitivehc.com/blog/top-10-gpos-by-staffed-beds>.

<sup>252</sup> <https://web.archive.org/web/20191108191050/https://www.vizientinc.com/what-we-do>.

<sup>253</sup> See, e.g., <https://www.vizientinc.com>.

<sup>254</sup> Discussions with Keith Johnson and Jean Sargent.

<sup>255</sup> See, e.g., <https://newsroom.vizientinc.com/en-US/releases/vizient-announces-11-member-agreements-for-q1-2022>.

<sup>256</sup> See, e.g., <https://newsroom.vizientinc.com/en-US/releases/vizient-announces-11-member-agreements-for-q1-2022>.

<sup>257</sup> Discussion with Keith Johnson. In his deposition, Keith Johnson testified he thought Vizient represented between 2,500 and 3,000 hospitals, although he qualified this statement. 30(b)(6) Deposition of Keith Johnson 53 (October 27, 2022).



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Agreement”).<sup>258</sup> According to this Agreement, Vizient provided purchasing opportunities to individual entities or groups of entities under various contracts, each of which Vizient referred to as a “Member” or, collectively, as “Members.”<sup>259</sup> I understand these “Members” represent the hospitals Vizient represents, as noted above. Under this Agreement, SIS agreed to offer certain services defined in Exhibits A, A.1 and B for sale and license to end-use customers, such as these “Members.”<sup>260</sup>

This Agreement had an initial 3-year term effective September 1, 2016 and would renew automatically for two additional one-year terms unless Vizient gave adequate notice.<sup>261</sup> SIS agreed to pay Vizient a GPO administrative fee of 4% of all net sales (as defined in the Agreement) for the services it sold to Members.<sup>262</sup>

## **2. September 2019 Vizient – SIS Agreement Amendment specific to EndoWrist repairs**

In 2019, Vizient Supply, LLC and SIS entered into an Amendment to their September 1, 2016 Agreement (“September 2019 Vizient Amended Agreement”) that was effective September 15, 2019.<sup>263</sup> This Amended Agreement addressed SIS’s intention to repair EndoWrist products, and included an Exhibit A, a da Vinci EndoWrist Pricing Schedule, for 38 EndoWrist products.<sup>264</sup> The timing of this Amended Agreement also coincided with Vizient’s interest in SIS’s EndoWrist repair business and the meetings it helped set up with its members.<sup>265</sup>

The EndoWrist pricing ranged from \$1,100 to \$1,700.<sup>266</sup> I understand SIS would have paid Vizient a GPO administrative fee of 4% of net sales on EndoWrist sales made under this Amendment, consistent with the September 2016 Agreement described above.<sup>267</sup>

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<sup>258</sup> SIS330591-330634.

<sup>259</sup> SIS330591-330634 at 592.

<sup>260</sup> SIS330591-330634 at 592. The prices for the various services SIS agreed to offer were all on Exhibit A (SIS330591-330634 at 608-623).

<sup>261</sup> SIS330591-330634 at 594.

<sup>262</sup> SIS330591-330634 at 597.

<sup>263</sup> SIS0000047-0000049.

<sup>264</sup> SIS0000047-0000049. Discussion with Keith Johnson.

<sup>265</sup> Discussion with Keith Johnson.

<sup>266</sup> SIS0000047-0000049.

<sup>267</sup> Discussion with Keith Johnson.

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**3. August 2020 Vizient – SIS Agreement - specific to EndoWrist recovery (not repairs)**

In 2020, Vizient Supply, LLC and SIS entered into a Supplier Services Agreement for third party instrument and scope repair that was effective August 1, 2020.<sup>268</sup> I understand this Amended Agreement had no effect on any EndoWrist repairs.<sup>269</sup> I understand this agreement effectively was a renewal of the September 2016 Agreement described above.<sup>270</sup> I understand this Amended Agreement was specific to EndoWrist recovery, and not repairs.<sup>271</sup>

According to this Agreement, Vizient provided purchasing opportunities to individual entities or groups of entities under various contracts, each of which Vizient referred to as a “Member” or, collectively, as “Members.”<sup>272</sup> I understand these “Members” represent the hospitals Vizient represents, as noted above. Under this Agreement, SIS agreed to offer certain services defined in Exhibits A, A.1 and B for sale and license to end-use customers, such as these “Members.”<sup>273</sup>

This Agreement had an initial 3-year term effective August 1, 2020 and would renew automatically for two additional one-year terms unless Vizient gave adequate notice.<sup>274</sup> SIS agreed to pay Vizient a GPO administrative fee of 4% of all net sales (as defined in the Agreement) for the services it sold to Members, with the exception of net sales to new customers within the first 12 months of any new customers end user agreement with SIS, for which SIS agreed to pay Vizient a 5% GPO administrative fee.<sup>275</sup>

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<sup>268</sup> SIS169233-169280.

<sup>269</sup> Discussion with Keith Johnson.

<sup>270</sup> Discussion with Keith Johnson.

<sup>271</sup> Discussion with Keith Johnson.

<sup>272</sup> SIS169233-169280 at 234.

<sup>273</sup> SIS169233-169280 at 234. The prices for the various services SIS agreed to offer were all on Exhibit A (SIS169233-169280 at 250-264).

<sup>274</sup> SIS169233-169280 at 236.

<sup>275</sup> SIS169233-169280 at 238-239. These “new customers” were defined as customers who would sign an end user agreement after August 1, 2020, the Agreement’s effective date. After 12 months, SIS would pay a 4% GPO administrative fee on net sales to these “new customers.”

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**4. Subsequent Vizient – SIS Agreement Amendments – specific to EndoWrist recovery (not repairs)**

In 2020, Vizient Supply, LLC and SIS entered into an Amendment to their August 1, 2020 Agreement that was effective November 15, 2020.<sup>276</sup> This Amended Agreement reflected SIS’s offering a Flat Capitated Program and a Capitated Risk Share Program for certain services shown on Exhibit A to this Amended Agreement.<sup>277</sup> I understand this Amended Agreement was specific to EndoWrist recovery, and not repairs.<sup>278</sup>

In 2021, Vizient Supply, LLC and SIS entered into an Amendment to their August 1, 2020 Agreement that was effective June 1, 2021.<sup>279</sup> This Agreement amended Exhibit A (Services Description and Pricing) to reflect SIS’s Inspection and Recovery Program for Si EndoWrists.<sup>280</sup> I understand this Amended Agreement was specific to EndoWrist recovery, and not repairs.<sup>281</sup>

In 2021, Vizient Supply, LLC and SIS entered into an Amendment to their August 1, 2020 Agreement that was effective October 8, 2021.<sup>282</sup> This Agreement amended Exhibit A (Services Description and Pricing) to reflect SIS’s Inspection and Recovery Program for all EndoWrists (such as X/Xi), not just Si EndoWrists, as the June 1, 2021 Amendment described above did.<sup>283</sup> I understand this Amended Agreement was specific to EndoWrist recovery, and not repairs.<sup>284</sup>

**B. Premier – 2<sup>nd</sup> largest GPO in the U.S.**

Premier, Inc. (“Premier”) is a healthcare improvement company located in Charlotte, North Carolina.<sup>285</sup> Premier has an alliance of approximately 4,400 U.S. hospitals and health

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<sup>276</sup> SIS116933-116940.

<sup>277</sup> SIS116933-116940.

<sup>278</sup> Discussion with Keith Johnson.

<sup>279</sup> SIS045231-045232.

<sup>280</sup> SIS045231-045232.

<sup>281</sup> Discussion with Keith Johnson.

<sup>282</sup> SIS075744-075746.

<sup>283</sup> SIS075744-075746. Discussion with Keith Johnson.

<sup>284</sup> Discussion with Keith Johnson.

<sup>285</sup> <https://premierinc.com/about> .

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systems and more than 250,000 other providers and organizations.<sup>286</sup> Premier is the second largest GPO in the U.S., with approximately 342,000 staffed beds.<sup>287</sup>

Yankee Alliance is a Premier Certified Sponsor,<sup>288</sup> which I understand means it’s a regional affiliate of Premier.<sup>289</sup> In 2012, SIS and Yankee Alliance signed an Agreement that was effective from November 1, 2012 through September 30, 2017.<sup>290</sup> SIS agreed to pay Yankee Alliance an administrative fee of 3% purchases made by participants (as defined in the Agreement).<sup>291</sup> I understand this Agreement was extended through January 31, 2022.<sup>292</sup> SIS and Yankee Alliance signed another Agreement that is effective from February 1, 2022 through January 1, 2025.<sup>293</sup>

### C. HealthTrust

HealthTrust is located in Nashville, Tennessee, and has more than 1,600 hospital partners.<sup>294</sup> HealthTrust is the third biggest GPO in the U.S., with approximately 174,000 staffed beds.<sup>295</sup> SIS does not have a relationship with HealthTrust.<sup>296</sup>

## XI. Robotic Surgery Industry

I understand robotic surgeries involve machines guided by doctors to perform surgical procedures.<sup>297</sup> Robotic surgeries relieve surgeons of some repetitive labor and require tremendous skills by surgeons performing these surgeries.<sup>298</sup> Robotic surgeries are used primarily to allow operations to take place through minimally invasive incisions, eliminate

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<sup>286</sup> <https://premierinc.com/about>.

<sup>287</sup> <https://www.definitivehc.com/blog/top-10-gpos-by-staffed-beds>. Discussion with Keith Johnson.

<sup>288</sup> <https://www.yankeealliance.com/content/premier-certified-sponsor-affiliates>.

<sup>289</sup> Discussion with Keith Johnson.

<sup>290</sup> SIS319315-319322.

<sup>291</sup> SIS319315-319322 at 316.

<sup>292</sup> SIS143365-143366. Discussion with Keith Johnson.

<sup>293</sup> SIS163317-163341. While Greg Posdal signed this Agreement, this copy has some edits on it.

<sup>294</sup> <https://healthtrustpg.com/about-healthtrust/>.

<sup>295</sup> <https://www.definitivehc.com/blog/top-10-gpos-by-staffed-beds>.

<sup>296</sup> Discussion with Keith Johnson.

<sup>297</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>298</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

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unwanted motion, improve surgical dexterity and allow remote surgery.<sup>299</sup> The first robotic surgery was performed in 1985.<sup>300</sup>

Laparoscopic surgery, in which a thin lighted optical instrument, similar to a small telescope, is used to examine abdominal and thoracic (chest) cavities became more popular in the 1980s and 1990s.<sup>301</sup> With the use of laparoscopes, surgeons found they could perform operations through small incisions and decrease patients’ recovery time and hospital stays.<sup>302</sup> The approach represented a type of minimally invasive surgery.<sup>303</sup>

By the late 1990s, three systems designed for minimally invasive surgeries had been tested: Intuitive’s da Vinci surgical system, and the AESOP and Zeus Robotic Surgical systems, both developed by Computer Motion, Inc.<sup>304</sup> Computer Motion, Inc. was subsequently purchased by Intuitive Surgical, and the da Vinci surgical system became the most widely used robotic surgical system worldwide.<sup>305</sup>

As of June 2019, the medical robotics market for invasive procedures was expected to increase from \$4B in 2019 to \$17B worldwide by 2030 with procedure penetration increasing from 2% to 12%.<sup>306</sup> In 2018, there were an estimated 13.1 million robotic eligible procedures.<sup>307</sup> The three main players for this market were listed as Intuitive, Johnson and Johnson and Medtronic.<sup>308</sup> As of June 2019, Intuitive had a more than 3,000 unit head start compared to its competition, which was expected to increase in the coming years.<sup>309</sup>

## **XII. Surgical Instruments Industry**

I understand surgical instruments can generally be categorized as single-use devices (“SUDs” or “disposable devices”) and reusable instruments.<sup>310</sup> Disposable devices are intended

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<sup>299</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>300</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>301</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>302</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>303</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>304</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>305</sup> Moore, Eric J., “Robotic Surgery,” Britannica (<https://www.britannica.com/science/robotic-surgery>).

<sup>306</sup> Intuitive-00808372-00808551 at 372.

<sup>307</sup> Intuitive-00808372-00808551 at 390.

<sup>308</sup> Intuitive-00808372-00808551 at 372.

<sup>309</sup> Intuitive-00808372-00808551 at 414.

<sup>310</sup> See, e.g., <https://bmpmedical.com/reasons-to-switch-to-single-use-medical-devices-and-disposable-medical-supplies/>.

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for use on one patient during a single procedure.<sup>311</sup> Reusable devices are devices that can be reprocessed after use (e.g., cleaned and disinfected or sterilized) and reused for multiple patients and / or procedures.<sup>312</sup>

To avoid any risk of infection by a contaminated device, reusable devices undergo "reprocessing," a detailed, multistep process to clean and then disinfect or sterilize them.<sup>313</sup> When instructions for reprocessing are completely and correctly followed after each use of a device, reprocessing results in a device that can be safely used more than once in the same patient, or in more than one patient.<sup>314</sup> Adequate reprocessing of reusable medical devices is vital to protecting patient safety.<sup>315</sup>

Some examples of reusable devices include surgical instruments (such as clamps and forceps), endoscopes (such as colonoscopes, used to visualize areas inside the body), endoscope accessories (such as graspers and scissors) and laparoscopic surgery accessories (such as arthroscopic shavers).<sup>316</sup>

When reusable instruments are no longer usable, I understand they can be disposed of, remanufactured, refurbished and / or repaired. The FDA defines these activities as follows:<sup>317</sup>

- Remanufacture: Process, condition, renovate, repackaging, restore, or any other act done to a finished device that significantly changes the finished devices performance or safety specifications, or intended use.
- Recondition / Refurbish / Rebuild: Restores a medical device to the OEM’s original specifications or to be “like new.” The device may be brought to current specifications if the change(s) made to the device do not significantly change the finished device’s performance or safety specifications, or intended use. These activities include repair of components, installation of OEM provided updates and upgrades, and replacement of worn parts.

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<sup>311</sup> <https://www.cdc.gov/oralhealth/infectioncontrol/faqs/single-use-devices.html> and <https://www.fda.gov/medical-devices/products-and-medical-procedures/reprocessing-reusable-medical-devices>.

<sup>312</sup> <https://www.fda.gov/medical-devices/reprocessing-reusable-medical-devices/what-are-reusable-medical-devices> and <https://www.fda.gov/medical-devices/products-and-medical-procedures/reprocessing-reusable-medical-devices>.

<sup>313</sup> <https://www.fda.gov/medical-devices/products-and-medical-procedures/reprocessing-reusable-medical-devices>.

<sup>314</sup> <https://www.fda.gov/medical-devices/products-and-medical-procedures/reprocessing-reusable-medical-devices>.

<sup>315</sup> <https://www.fda.gov/medical-devices/products-and-medical-procedures/reprocessing-reusable-medical-devices>.

<sup>316</sup> <https://www.fda.gov/medical-devices/reprocessing-reusable-medical-devices/what-are-reusable-medical-devices>.

<sup>317</sup> <https://www.fda.gov/media/150141/download> at 4-5.

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- Repair: A type of servicing that returns a component to original specifications, including replacing non-working components or parts outside of routine or periodic upkeep for the current owner of the device.

I understand the service SIS provided would be categorized as a repair since it returned a component (the EndoWrist instruments) to their original specifications, did not significantly change the finished device’s performance, safety specifications or intended use, and returned the device to the current owner.<sup>318</sup>

### **XIII. Anticompetitive Conduct Damages**

I understand the primary objective of antitrust laws is to promote competition by prohibiting actions that restrain or are likely to restrain competition. As noted above, Intuitive has been accused of the following four antitrust counts: 1) Tying; 2) Exclusive Dealing; 3) Monopolization; 4) Attempted Monopolization.<sup>319</sup> Intuitive has also been accused of Unfair Trade Practices in violation of the Lanham Act.<sup>320</sup>

Internal Intuitive e-mails from May 2018 addressed how the aftermarket “reprogramming” activity was picking up in the U.S. and Intuitive detected its first United States usage.<sup>321</sup> At this time, Intuitive considered whether it should investigate software changes to the Xi in response to this market activity.<sup>322</sup> Intuitive continued to monitor this activity through 2019.<sup>323</sup> On September 9, 2019, an Intuitive email chain included a forwarded e-mail which noted that Kaiser Permanente and Legacy Health System were using SIS to “refurbish” EndoWrist products, at approximately 40% cost savings.<sup>324</sup> In an earlier e-mail in the chain, a Vizient Enterprise Client Manager indicated that “Surgical Instrument Service Company (SIS) is now the only supplier providing refurbishment to Intuitive Surgical’s da Vinci EndoWrist.”<sup>325</sup>

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<sup>318</sup> Discussion with Jean Sargent.

<sup>319</sup> Compl. ¶¶ 111-121.

<sup>320</sup> Compl. ¶¶ 122-126.

<sup>321</sup> Intuitive-0104535-0104537 at 537.

<sup>322</sup> Intuitive-0104535-0104537.

<sup>323</sup> See, e.g., Intuitive-00110242-00110243; Intuitive-00110255-00110258; Intuitive-00241336-00241370 at 343 and 349-352; Intuitive-00338790-00338805; Intuitive-01024426-01024427; Intuitive-00049128-0049132; Deposition of Dan Jones 74-77 (November 10, 2022); Deposition of Margaret Nixon 143-144 (October 7, 2022).

<sup>324</sup> Intuitive-00110255-00110258 at 258.

<sup>325</sup> Intuitive-00110255-00110258 at 258.



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When addressing antitrust conduct, I understand defining the relevant market or markets can help determine where the competition occurs and in which market the market power is exercised. I understand relevant markets generally include a group of products or services and a geographic area.<sup>326</sup> For purposes of my report, I understand the relevant product markets are the markets for minimally invasive soft tissue surgical robots and the market for repairs of EndoWrist instruments, and I understand the relevant geographic market is the U.S. I understand SIS and Intuitive have competed for sales and / or repairs of EndoWrist instruments in the U.S. market, and SIS intended to still be competing in this market, but for Intuitive’s anticompetitive conduct.

#### **XIV. SIS’s Lost Profits Damages**

Damages are typically intended to put the Plaintiff (here, SIS) in the same financial position it would have been in but for the Alleged Wrongdoings.<sup>327</sup> Lost profits are a common damages form a business can recover when a legal wrong has caused it to lose profits.<sup>328</sup>

##### **A. The ‘but for’ analysis - difference between ‘would-have-been’ and ‘actual’**

A proper lost profits damages analysis determines the amount necessary to place the plaintiff in a position it would have otherwise been in had the wrongdoing not occurred.<sup>329</sup> Here, the analysis determines the amount necessary to place SIS in a position it would have otherwise been in had the Alleged Wrongdoing not occurred.

A lost profit damages analysis is often referred to as a ‘*but for*’ analysis. The ‘but for’ analysis compares the ‘but for’ or ‘would-have-been’ profits to the ‘actual’ profits. The difference represents lost profits damages. A lost profits analysis generally can be described as:<sup>330</sup>

Net lost profits (herein referred to as “lost profits”) are generally determined by estimating the lost revenues (gross and net) that would have been earned “but for” the alleged acts...reduced by

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<sup>326</sup> See, e.g., <https://www.justice.gov/atr/horizontal-merger-guidelines-08192010> at 8-15.

<sup>327</sup> The Comprehensive Guide to Economic Damages: Volume One at 239 (2020 6<sup>th</sup> ed., BVR Publications).

<sup>328</sup> *Id.* at 225.

<sup>329</sup> *Id.* at 239.

<sup>330</sup> The Comprehensive Guide to Economic Damages: Volume One at 239 (2020 6<sup>th</sup> ed., BVR Publications). See also, Association of International Certified Public Accountants (AICPA) Forensic & Valuation Services Practice Aid – Calculating Lost Profits at 8 (2018).

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avoided costs (or incremental costs) that did not occur because of the subject lost revenues.

From the predetermined “but-for” amounts of lost revenues less associated costs, the actual/projected profits are deducted to determine the resulting economic damages.

Inherent within this analysis is the question of mitigation, the plaintiff’s obligation to limit its damages.<sup>331</sup> Mitigation considers what the plaintiff could have reasonably done to overcome or minimize its damages.<sup>332</sup>

I understand SIS has mitigated its lost profits to the best of its ability. Here, SIS has mitigated its damages as it has continued to sell its repair services.<sup>333</sup>

### **B. The Alleged Wrongdoings caused SIS’s lost revenue and profits**

In order to properly determine SIS’s lost profits from the Alleged Wrongdoings, this analysis considers what would have otherwise happened in the event the Alleged Wrongdoings had not happened. As noted above, this is the standard methodology used to determine lost profit damages and is often referred to as a ‘but for’ analysis. This analysis considers SIS’s lost profits damages ‘but for’ the Alleged Wrongdoings.

In this matter, but for the Alleged Wrongdoings, SIS would have made additional EndoWrist repair sales and profits.

### **C. Demand – monumental interest**

Demand has existed for SIS’s EndoWrist repair services. Keith Johnson, SIS’s Executive Vice President of Sales and Clinical Programs, testified “the interest in saving and reducing costs on robotic surgery in the industry is something I’ve never seen before in my 25 years of being in the surgical business.”<sup>334</sup> He stated there is “monumental” interest from hospitals in its X/Xi

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<sup>331</sup> The Comprehensive Guide to Economics Damages: Volume One at 233 (2020 6<sup>th</sup> ed., BVR Publications). *See also*, Association of International Certified Public Accountants (AICPA) Forensic & Valuation Services Practice Aid – Calculating Lost Profits at 47 (2018). *See also*, American Institute of Certified Public Accountants (AICPA) Practice 06-4 at 45 (2006).

<sup>332</sup> The Comprehensive Guide to Economics Damages: Volume One at 233 (2020 6<sup>th</sup> ed., BVR Publications). *See also*, Association of International Certified Public Accountants (AICPA) Forensic & Valuation Services Practice Aid – Calculating Lost Profits at 47 (2018). *See also*, American Institute of Certified Public Accountants (AICPA) Practice 06-4 at 45 (2006).

<sup>333</sup> Discussions with Keith Johnson and Greg Posdal. *See also*, SIS003653-3670.

<sup>334</sup> 30(b)(6) Deposition of Keith Johnson 44 (October 27, 2022).

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repair business.<sup>335</sup> For example, Banner Health System, one of the largest nonprofit health systems, with over 20 hospitals, and a member of the Premier GPO, wanted to proceed with the EndoWrist repair program since they knew it would be a huge cost savings.<sup>336</sup>

As addressed above, Mr. Johnson has presented the EndoWrist repair program to three of Vizient’s four regions.<sup>337</sup> He has had meetings with what probably represents over a thousand hospitals, and listed at least the following hospitals and hospital systems he has spoken to about SIS’s Xi program: Legacy Health, Providence Health System, Sutter Health, Kaiser Permanente, Memorial Care, the UC California system, Banner Health System, Honor Health, Baylor Scott & White, University health systems across the country from Michigan to Duke to North Carolina, Mayo Clinic, Cleveland Clinic, Advocate Aurora, Lahey Health System, Boston’s Children’s Medical Center, Piedmont Health System and John Hopkins.<sup>338</sup>

There was “real excitement” among most SIS customers (both hospitals and hospital systems) who felt Intuitive was taking advantage of them by the preset number of EndoWrist uses, the EndoWrist costs and by Intuitive’s threats to shut down their equipment.<sup>339</sup> These customers included at least Banner Health, Piedmont Health, Kaiser Health, Legacy Health and Advocate Aurora, among others, along with Vizient, the U.S.’s largest GPO.<sup>340</sup>

Keith Johnson testified:<sup>341</sup>

...Every person I called, every organization I called, took a meeting. We sat down with all of them. They were – they all wanted it.

The reason that we felt great about scalability is we didn’t have any competition, we were it. It was a program everybody wanted, there – we weren’t fighting the OEM on the repairs, we weren’t

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<sup>335</sup> 30(b)(6) Deposition of Keith Johnson 44 (October 27, 2022). Discussion with Keith Johnson.

<sup>336</sup> <https://investors.premierinc.com/news/press-release-details/2016/Premier-Inc-and-Banner-Health-Expand-Partnership/default.aspx>; 30(b)(1) Deposition of Greg Posdal 43-44 (October 27, 2022).

<sup>337</sup> 30(b)(6) Deposition of Keith Johnson 45 (October 27, 2022). *See also*, SIS343965-343971 at 970, where the four Vizient regions are identified as West, Central, Southeast and Northeast Zones. Based on discussions with Keith Johnson, I understand he misspoke in his deposition, as he never gave a presentation to Vizient’s Northeast Zone.

<sup>338</sup> 30(b)(6) Deposition of Keith Johnson 44-45 (October 27, 2022).

<sup>339</sup> 30(b)(1) Deposition of Greg Posdal 76-77 (November 1, 2022).

<sup>340</sup> 30(b)(1) Deposition of Greg Posdal 78-79 (November 1, 2022).

<sup>341</sup> Deposition of Keith Johnson 20 (October 27, 2022).

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fighting other companies, it was us, so the ability to scale was – was huge.

He also testified the potential revenue from the S/Si EndoWrist business was somewhere in the range of \$250 million to \$350 million per year, based on:<sup>342</sup>

...conversations I had with key customers to understand the number of robotics they had, the number of robots they had, the dollars spent on devices and instrumentation for those robots, and then looking at our global customer list through Vizient and the opportunities we would have.

Although it lacks SIS’s customer relationships, Restore similarly recognized the demand for repair services. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

In January 2020, a Deutsche Bank Research article was sent in an email to Philip Kim of Intuitive, which included the following about the demand for using repaired da Vinci instruments:<sup>346</sup>

Our extensive due diligence spanning several months – including conversations with several da Vinci surgeons and supply chain executives. . . yielded confirmation that a growing number of hospital customers, including world-renowned academic centers and even large hospital systems, have begun or are in late stage deliberations/discussions to potentially soon begin using repaired da Vinci Instruments supplied by third-parties. Meaningful operating cost savings opportunity is the key driver compelling hospitals to consider using these repaired da Vinci instruments.

Overall, it is clear there was demand for SIS’s EndoWrist repair services.

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<sup>342</sup> Deposition of Keith Johnson 17 (October 27, 2022).

<sup>343</sup> Deposition of Kevin May 111 (November 3, 2022).

<sup>344</sup> Deposition of Kevin May 99-101 (November 3, 2022).

<sup>345</sup> Deposition of Clifton Parker 166-167 (October 25, 2022).

<sup>346</sup> Intuitive-00555864-0055866 at 865.

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**D. Capacity and capability to perform EndoWrist repairs**

In order for SIS to make additional sales and profits, SIS would have had to have the capacity and capability to make EndoWrist repair sales. According to Kevin May, Restore’s Operations Officer, based on his 33 years of industry experience, the EndoWrist is the “simplest device we’ve ever serviced or repaired.”<sup>347</sup>

SIS routinely repairs similar and more complex instruments. As noted above, while Rebotix initially provided the repair services as well as the chip, SIS planned to purchase the chip and repair the EndoWrists in-house.

Intuitive projected refurbishment time less than one hour per instrument.<sup>348</sup> Similarly, SIS believes one trained employee could complete 20 to 25 repairs per 8-hour shift, meaning it would take approximately 19 minutes to 24 minutes to do one repair.<sup>349</sup> SIS believes training technicians would take minimal time.<sup>350</sup>

Assuming it takes 30 minutes to do 1 repair (which is longer than Greg Posdal thinks it would take), and applied to the approximate 31,000 lost repair unit sales in 2021 under Scenario 1 below, suggests a required 15,500 repair hours, or about 8 repair technicians at 2,000 hours per year.<sup>351</sup> SIS planned to hire the necessary personnel. SIS also has had plenty of repair space available in its Glendale Heights, Illinois facility.<sup>352</sup>

Similarly, I understand Rebotix and Restore have had necessary capacity in the event either or both continued providing the repair services, as representatives from both Rebotix and Restore testified the ramp up period would not be an issue.<sup>353</sup> I further understand neither Keith Johnson nor Greg Posdal ever questioned Rebotix’s or Restore’s ability to perform any repairs.<sup>354</sup>

In addition, SIS would have needed less than approximately 50,000 chips per year, at most, to make the repairs quantified in all of my scenarios. I understand this would not have

<sup>347</sup> Deposition of Kevin May 114-115 (November 3, 2022).

<sup>348</sup> Per 30(b)(6) Deposition of Colin Morales (November 1, 2022) at Ex. 143 (Intuitive 00626597-626616 at 626612), manufacturing labor is shown as \$33.80 and the labor rate used to calculate manufacturing labor is \$39 per hour.  $\$33.80 / \$39.00 = \text{approximately } 86\% * 60 \text{ minutes} = \text{approximately } 52 \text{ minutes}$ .

<sup>349</sup> Discussion with Greg Posdal.

<sup>350</sup> 30(b)(1) Deposition of Greg Posdal 65-66 (November 1, 2022).

<sup>351</sup>  $31,000 \text{ repairs per year} / 2 \text{ repairs per hour} = 15,500 \text{ repair hours}$ .  $15,500 \text{ repair hours} / 2,000 \text{ hours per year} = 7.75$ .

<sup>352</sup> Discussion with Greg Posdal.

<sup>353</sup> Deposition of Clifton Parker 149-150, 183-184 (October 25, 2022); Deposition of Kevin May 104-106 (November 3, 2022); Deposition of Stan Hamilton 19 (November 4, 2022).

<sup>354</sup> Discussions with Greg Posdal and Keith Johnson.

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been a problem, especially in comparison to the much larger quantity of chips Intuitive buys every year for its EndoWrists.<sup>355</sup>

**E. Scenario 1 – Illegal Encryption lost profits damages**

Scenario 1 assumes X/Xi encryption is illegal. It also assumes SIS’s capability to repair S/Si EndoWrists would have similarly applied to X/Xi EndoWrists. I understand SIS would have continued working with Rebotix or worked with Restore, or potentially with both companies. As noted above, I understand the X/Xi EndoWrists were essentially the same / similar as S/Si EndoWrists and the repairs would be consistent. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In order to estimate SIS’s lost profits damages ‘but for’ the Alleged Wrongdoing, I analyze and estimate the following categories:

- Lost EndoWrist repair units
- Lost revenue
- Incremental costs

I first determine SIS’s annual lost EndoWrist repair units. Those units represent the number of EndoWrist repairs SIS would have reasonably sold to customers through 2025. I estimate lost SIS revenue on those lost EndoWrist repair units based on SIS’s pricing. From those lost revenues, I subtract SIS’s incremental costs in order to determine estimated lost profits.

**1. Lost EndoWrist repair units**

SIS’s lost EndoWrist repair units are the difference between (1) the units they would have repaired (the ‘Would-Have-Been’ or ‘But For’ EndoWrist repair units) without the Alleged Wrongdoings and (2) those ‘Would-Have-Been’ EndoWrist units they will repair (or Actual EndoWrist repair units) regardless of the Alleged Wrongdoings.

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<sup>355</sup> Discussions with Greg Posdal and Keith Johnson.

<sup>356</sup> Deposition of Kevin May 114-115 (November 3, 2022).

<sup>357</sup> Deposition of Kevin May 114 (November 3, 2022).



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**a) ‘Would-Have-Been’ EndoWrist repair units – through 2025**

I estimate SIS’s ‘Would-Have-Been’ EndoWrists repair units starting with Intuitive’s annual EndoWrist unit sales data and account for various factors as addressed below. The analysis starts January 1, 2020, just after the Alleged Wrongdoings began. The analysis assumes trial is approximately December 2023 / January 2024. In the event SIS prevails, it would then actually begin selling EndoWrist repairs again in January 2024. As addressed below, the ramp up process would take some time, and by the end of 2025 (i.e., two years), SIS would get to a position it would have otherwise been.

**Table 5** summarizes the analysis, starting with Intuitive’s annual EndoWrist instruments potentially repairable by SIS and the steps to estimate SIS’s lost EndoWrist repair units from January 1, 2020 through 2025.

**Table 5: ‘Would-Have-Been’ EndoWrist repair units<sup>358</sup>**

	Scenario 1		Scenario 2	
EndoWrist instruments potentially repairable by SIS - units	2,418,163		1,771,630	to 2,118,209
Expired EndoWrist instrument - units	1,450,896		1,062,977	to 1,270,924
SIS market share units	797,993		584,637	to 699,008
SIS converted units	470,187		303,952	to 391,199
SIS collected units	329,132		212,766	to 273,840
Would-have-been Lost EndoWrist repair units	236,975		153,191	to 197,164
Market penetration (% of total units)	10%		9%	to 9%

**(i) EndoWrist instruments potentially repairable by SIS – unit sales**

SIS intended to repair most Intuitive EndoWrist instruments (i.e., the instruments potentially repairable by SIS). Those instruments comprise 38 different S/Si EndoWrist instruments.<sup>359</sup> I have included those 38 S/Si instruments potentially repairable by SIS in my analysis. I assume SIS had the capability to provide similar X/Xi EndoWrist instrument repair services to similar X/Xi instruments.

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<sup>358</sup> Schedules 2.2, 4.2 and 4.5.

<sup>359</sup> Schedule 12.0.



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I have identified the U.S. sales for those 38 S/Si and corresponding X/Xi U.S. instruments, by EndoWrist instrument (and instrument number) using Intuitive’s instrument and accessory sales data summarize on **Schedules 13.0 to 13.2**.

The analysis tabulates the data based on the following steps:

- S/Si instruments were identified by instrument number using a SIS price sheet that was part of its September 2019 Vizient Amended Agreement.<sup>360</sup>
- X/Xi instruments were identified based on similar S/Si instrument numbers and descriptions, along with Intuitive product catalogs.<sup>361</sup>
- U.S. sales were identified using the “Comp Code” data field.
- Net sales were identified using the “Net Sales” data field.
- Sales quantities were identified using the “Sales Qty” data field.

I have summarized the EndoWrist unit data by product type, da Vinci Surgical System and year on **Schedules 13.1 to 13.2**.

To project future Intuitive EndoWrist instrument sales through 2025, I first estimate the percentage breakdown of EndoWrist instrument sales by system, based on Intuitive’s historical sales data.<sup>362</sup> I then use Intuitive’s expected annual growth rate for surgical procedures in the U.S. to estimate future EndoWrist instrument sales by system.<sup>363</sup>

In order to adjust the EndoWrist instruments potentially repairable by SIS to those instruments SIS reasonably would have (or will) repair but for the Alleged Wrongdoings, I account for numerous factors addressed below.

**(ii) Expiration rate of new sales units – 60%**

The first factor I account for is the likelihood that not all of the EndoWrists instruments sold and potentially repairable by SIS would ultimately expire. Some of the potentially repairable units above may not expire, or may expire in a later time period.

I apply a 60% expired EndoWrist rate to the annual potentially repairable instrument units based on Intuitive’s own estimates.

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<sup>360</sup> SIS000047-000049.

<sup>361</sup> **Schedule 12.1.**

<sup>362</sup> **Schedule 6.0.**

<sup>363</sup> Intuitive-01261766.

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I account for this factor based upon the previously explained August 2017 Intuitive analysis projecting 2018 through 2021 annual expirations of the X/Xi ‘Top 5’ EndoWrist instruments.<sup>364</sup> Those projected ‘Top 5’ 2018 and 2019 expired units represented 60% of the actual 2018 and 2019 unit sales for those same EndoWrist instruments.<sup>365</sup> The projected 2020 and 2021 expired units represented higher percentages of the subsequent actual 2020 and 2021 unit sales. The 2020 and 2021 projections, however, would not have accounted for COVID-19 effects.

I note the 60% expired EndoWrist factor rate was projected in 2017, when X/Xi units were growing annually.<sup>366</sup> The expired EndoWrist rate would likely be higher for the S/Si units, which were declining year to year, or for periods when annual units were more stable. If I applied a higher expiration percentage, the number of expired EndoWrist units would be higher.

**(iii) Market share rate based on Vizient – 55%**

The next factor I account for is Vizient’s market share within the market EndoWrists are sold. I apply a 55% market share rate.

SIS had an agreement in place with Vizient for EndoWrist repairs. Vizient entering into contracts with healthcare providers, such as SIS, delivers significant benefits to its members.<sup>367</sup> At a minimum, it simplifies the contracting process for its members.<sup>368</sup>

Vizient provided SIS access to its members.<sup>369</sup> In return, Vizient would receive a 4% administrative fee for SIS repair services.<sup>370</sup> Vizient would have promoted SIS repair services to all of its acute care providers with EndoWrists.<sup>371</sup>

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<sup>364</sup> 30(b)(6) Deposition of Colin Morales (November 1, 2022) Ex. 141 at page 1.

<sup>365</sup> **Schedule 7.0.** I also note the ‘Top 5’ EndoWrist instrument numbers comprise a large portion of core EndoWrist instrument unit sales, approximately 70% (73,469 expired ‘Top 5’ / 104,469 expired core) in 2018 and approximately 70% (100,376 expired ‘Top 5’ / 143,395 expired core) in 2019.

<sup>366</sup> **Schedule 7.0.**

<sup>367</sup> Discussion with Jean Sargent, who is familiar with Vizient and GPO’s.

<sup>368</sup> Discussion with Jean Sargent.

<sup>369</sup> Discussion with Keith Johnson and Jean Sargent.

<sup>370</sup> Discussion with Keith Johnson. SIS330591-330634 at 597.

<sup>371</sup> Discussions with Keith Johnson and Jean Sargent. Jean Sargent was aware of the SIS’s repair service and the potential cost savings it provided when she was working with Marin County hospital in Fall 2019, a Vizient member, as an independent consultant.

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I understand Intuitive’s da Vinci systems and EndoWrist instruments are primarily sold to / used in acute care facilities.<sup>372</sup> In 2019, Vizient provided services for more than 50% of the U.S. acute care providers.<sup>373</sup> Vizient currently provides services for more than 60% of the U.S. acute care providers.<sup>374</sup>

SIS had also presented and generated interest with hospital systems beyond Vizient healthcare providers, such as Banner.<sup>375</sup> Given the interest in SIS’s services, it is likely SIS would have had customers in addition to Vizient’s members. Nonetheless, I limit this market share factor to Vizient acute care providers. I apply 55% (or the mid-point of the 60% and 50% noted above) as the Vizient market share factor.

**(iv) Conversion rate – 15%, 50%, 70%**

The next factor I account for is SIS’s and Vizient’s customer conversion to SIS repair services. I apply a 15% conversion rate in Year 1, 50% in Year 2, and 70% in Year 3 and thereafter, based on the expert opinions of Jean Sargent, SIS’s industry expert.

As addressed above, there was strong customer demand. SIS anticipated signing up nearly all of the Vizient acute care providers and others. According to Jean Sargent, based on her experience with significant cost savings program such as SIS’s EndoWrist repair program, more than 70% of the Vizient acute care providers would have participated.<sup>376</sup>

SIS anticipated a quick ramp up in 2020, both in sales and in-house repair capabilities.<sup>377</sup> According to Jean Sargent there would have been a conversion timeframe to transition for this type of program. By the end of 2020, or Year 1, 30% of Vizient’s acute care providers would have reasonably converted.<sup>378</sup> By the end of 2021, or Year 2, and thereafter, 70% would have reasonably converted, with a final conversion rate of approximately 75%.<sup>379</sup>

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<sup>372</sup> Discussions with Keith Johnson and Jean Sargent. I understand Vizient members are usually larger healthcare providers, suggesting they represent an above average number of acute care facilities.

<sup>373</sup> <https://web.archive.org/web/20191108191050/https://www.vizientinc.com/what-we-do>.

<sup>374</sup> See, e.g., <https://www.vizientinc.com>.

<sup>375</sup> Per discussion with Keith Johnson, I understand Banner is a member of Premier.

<sup>376</sup> Discussion with Jean Sargent.

<sup>377</sup> Discussions with Keith Johnson and Greg Posdal.

<sup>378</sup> Discussion with Jean Sargent.

<sup>379</sup> Discussion with Jean Sargent.

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Given these considerations, I apply a 15% conversion factor in 2020, or Year 1 (i.e., the mid-point between 0% as of January 1 and 30% as of December 31). I apply a 50% conversion factor in 2021, or Year 2 (i.e., the mid-point between 30% as of January 1 and 70% as of December 31). I apply a 70% conversion factor in 2022, or Year 3, and thereafter.

**(v) Collection rate – 70%**

The next factor I account for is EndoWrist instrument collection. I apply a 70% collection rate.

Despite best intentions, I understand not all expired EndoWrists would necessarily be collected by the acute health care providers. According to Jean Sargent, for an expensive instrument such as the EndoWrist, a 75% collection rate would be reasonable.<sup>380</sup>

Intuitive similarly targeted a greater than 70% collection rate for its contemplated EndoWrist refurbishment program in a September 2020 “Gen4 Instrument Refurbishment Pilot” document.<sup>381</sup>

**(vi) Repair yield rate – 72%**

The next factor I account for is the repair yield. I apply a 72% repair yield rate.

Not all of the collected units would have been repairable. Generally speaking, SIS’s reparability yield on its various instruments exceeds 95%.<sup>382</sup>

Intuitive performed an EndoWrist refurbishment pilot on its top six instruments in 2020 and averaged 85% refurbishment yield.<sup>383</sup> It also projected higher future refurbishment rates at 95% refurbishment for two (of the six) instruments, 90% for three, and 85% for one.<sup>384</sup>

SIS’s initial (limited) data suggested an 88% repair yield rate.<sup>385</sup>

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<sup>380</sup> Discussion with Jean Sargent.

<sup>381</sup> 30(b)(6) Deposition of Colin Morales (November 1, 2022) at Ex. 143 (Intuitive 00626597-626616 at 604).

<sup>382</sup> Discussion with Keith Johnson. *See also, e.g.*, SIS003653-0033670 at 661.

<sup>383</sup> Morales 30(b)(6) Dep. at Ex. 143 (Intuitive 00626597-626616 at 609).

<sup>384</sup> Morales 30(b)(6) Dep. at Ex. 143 (Intuitive 00626597-626616 at 612).

<sup>385</sup> **Schedule 14.0.**

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Based on data from Restore for instruments that were collected, approximately 72% were repairable.<sup>386</sup>

Given these considerations, and to remain at the conservative end of the repairability range, I apply a 72 % repair yield rate.

**(vii) ‘Would-Have-Been’ EndoWrist repair units through 2025**

I project the ‘Would-Have-Been’ EndoWrist units through 2025. As noted earlier, I assume trial is approximately December 2023 / January 2024. Assuming SIS prevails, SIS would then begin selling in 2024. A Year 1 conversion would be 2024, Year 2 would be 2025. At the end of Year 2 (i.e., 2025), SIS would achieve its maximum conversion rate.

**(viii) ‘Would-Have-Been’ EndoWrist repair units – 2% to 12% of units sold**

Accounting for the various factors above, the ‘Would-Have-Been’ EndoWrist repair units approximate a 2%, 8% and 12% penetration rate of Intuitive’s 2020, 2021, and 2022 EndoWrist unit sales, respectively.<sup>387</sup>

This Would-have-been penetration rate appears reasonable relative to other available data. For example, in August 2019, Intuitive analyzed potential Xi refurbishment and estimated penetration of approximately 41% or 50%.<sup>388</sup>

Another contemporaneous document, a February 2020 Deutsche Bank analysis, noted a 4% to 6% 2021 penetration rate was reasonable and potentially conservative.<sup>389</sup> The analysis also noted each instrument could be repaired three times, suggesting a higher, 12% to 18% penetration rate.<sup>390</sup>

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<sup>386</sup> Deposition of Clifton Parker 43-45, 178-179 (October 25, 2022). Per Restore-00094918-00094956 at 922 (Parker Dep. Ex. 121), 215 out of 310 instruments collected in a 2-week sample that had lives on them passed Restore’s inspection (i.e., were repairable).

<sup>387</sup> **Schedule 2.2.**

<sup>388</sup> Intuitive-00581814-00581883 at 858, 868 and 877. One estimate shows 59,700 refurbished Xi instruments out of a total 144,985 Xi instruments forecasted in 2020. The other estimate shows 72,492 refurbished Xi instruments out of a total 144,985 Xi instruments forecasted in 2020.

<sup>389</sup> Intuitive-00566055-00566082 at 056 (Zafar Dep. Ex. 113).

<sup>390</sup> Intuitive-00566055-00566082 at 056 (Zafar Dep. Ex. 113).

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In 2016, Rebotix and Stryker had discussions about Stryker buying Rebotix.<sup>391</sup> According to two models Stryker prepared regarding this proposed transaction, it expected penetration rates of 8.5% to 9% for repairing EndoWrists.<sup>392</sup>

**b) Actual EndoWrist repair units**

At this point, none of the ‘Would-Have-Been’ EndoWrist repair units have been sold. I understand SIS continued to promote the repair program after the Alleged Wrongdoings, but those efforts were not successful due to Intuitive’s actions.<sup>393</sup> In the event SIS prevails in this matter, I understand it will then begin again to promote the repair program. Assuming trial is resolved in approximately December 2023 / January 2024, SIS would then begin ramping up its repair services. For the Actual EndoWrist repair units, I use the Year 1, Year 2 and Year 3 conversion rates addressed above. Currently, I assume Year 1 is 2024 and the first year SIS will again begin selling its repair program.

**c) Lost EndoWrist repair units**

The difference between the ‘Would-Have-Been’ and Actual EndoWrist repair units represent SIS’s lost EndoWrist repair units. Those are shown on **Schedules 2.2**.

**2. Lost revenue**

To calculate SIS’s lost revenue, I have multiplied the lost EndoWrist repair units times SIS’s average selling price (“ASP”). Lost revenues are shown on **Schedule 2.1**. In order to calculate SIS’s ‘Would-Have-Been’ ASP, I applied the prices per the September 2019 Vizient Agreement Amendment to the corresponding volumes of EndoWrist instruments Intuitive sold between 2019 and 2022 to calculate a weighted average ASP.<sup>394</sup>

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<sup>391</sup> Deposition of Stan Hamilton 35-39 and 126 (June 4, 2021) (*Rebotix Repair LLC v. Intuitive Surgical, Inc.*, No. 8:20-cv-02274-VMC-TGW (M.D. Fla. filed Sept. 28, 2020)).

<sup>392</sup> STRREB00001810 and STRREB00001827.

<sup>393</sup> Discussions with Keith Johnson and Greg Posdal.

<sup>394</sup> **Schedule 8.0.**

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**3. Less: Incremental costs**

In order for SIS to make the lost repairs revenue described above, it would have incurred additional costs. I refer to these additional costs as incremental costs. I have estimated SIS’s incremental costs under two models: (1) the in-house repair model, and (2) the distributor model. Incremental costs are shown on **Schedules 2.1** and **3.1**.

**a) In-house repair model costs**

SIS intended to purchase the chips and perform the EndoWrist repairs in-house (“In-house model”). Though it had not yet begun in-house repairs, SIS anticipated its in-house repairs to be low cost and profitable.<sup>395</sup> As noted above, SIS has extensive experience providing repair services.

SIS’s In-house model incremental costs would have included the following:<sup>396</sup>

- Repair costs
- Chip costs
- 4% paid to Vizient
- SGA costs

**(i) Repair costs**

To estimate SIS’s repair costs, I use Intuitive’s September 2020 refurbishment costs estimates.<sup>397</sup> Intuitive estimated refurbishment costs for its six largest selling EndoWrists.<sup>398</sup> It did so for its South Haven (near Memphis) Tennessee facility as well as its facility in Mexico.<sup>399</sup> SIS intended to repair the EndoWrists in the U.S.<sup>400</sup> I use Intuitive’s South Haven estimated refurbishment costs.

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<sup>395</sup> Discussion with Greg Posdal.

<sup>396</sup> Based on discussions with Greg Posdal and Keith Johnson.

<sup>397</sup> **Schedule 9.0.**

<sup>398</sup> 30(b)(6) Deposition of Colin Morales (November 1, 2022) at Ex. 143 (Intuitive 00626597-626616 at 626612-613).

<sup>399</sup> 30(b)(6) Deposition of Colin Morales (November 1, 2022) at Ex. 143 (Intuitive 00626597-626616 at 626612-613).

<sup>400</sup> Discussion with Greg Posdal.



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I note Intuitive used a higher fully burdened hourly technician cost rate (\$39 per hour) than SIS anticipated (approximately \$25 per hour).<sup>401</sup> I also note Intuitive’s estimated “Materials needed for Remanufacture” comprised more than half the repair costs for each of the six EndoWrists.<sup>402</sup> SIS did not expect to incur material costs of any significance.<sup>403</sup> Rather, it expected to incur minimal or no costs for nearly all of EndoWrist instruments it would repair.<sup>404</sup>

Intuitive’s South Haven refurbishment cost (cost of goods sold) estimates, including the material costs, ranged from approximately \$107 to \$199 per instrument.<sup>405</sup>

**(ii) Chip costs**

To estimate SIS’s chip cost, I use Rebotix’s average sales price per chip to Restore.<sup>406</sup> SIS anticipated purchasing chips at high volumes from Rebotix and/or Restore for approximately \$400 to \$450 apiece.<sup>407</sup> SIS did not purchase chips alone (i.e., not bundled with repair service) directly from Rebotix or Restore. Restore did purchase chips in small volumes (three orders of 30 or less chips) from Rebotix.<sup>408</sup> Those chip sales prices averaged approximately \$533 per unit.<sup>409</sup>

**(iii) Vizient GPO administrative fee**

To estimate SIS’s Vizient GPO administrative fee, I apply the 4% administrative fee SIS agreed to pay Vizient on all net sales for services it sold to Members.<sup>410</sup>

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<sup>401</sup> Intuitive-00626598 - 00626616 at 626612. According to Colin Morales testimony, the \$39 per hour was fully burdened (30(b)(6) Deposition of Colin Morales 49-57 at 56 (November 1, 2022)). Discussion with Greg Posdal. SIS356504.

<sup>402</sup> 30(b)(6) Deposition of Colin Morales (November 1, 2022) at Ex. 143 (Intuitive 00626597-626616 at 626612).

<sup>403</sup> Discussion with Greg Posdal.

<sup>404</sup> Discussion with Greg Posdal.

<sup>405</sup> **Schedule 9.0.** See also, 30(b)(6) Deposition of Colin Morales (November 1, 2022) at Ex. 143 (Intuitive 00626597-626616 at 626612).

<sup>406</sup> **Schedule 10.0.**

<sup>407</sup> Discussion with Greg Posdal.

<sup>408</sup> **Schedule 10.0.**

<sup>409</sup> **Schedule 10.0.**

<sup>410</sup> **Schedule 2.1.** SIS330591-330634 at 597. SIS0000047-0000049. Discussion with Keith Johnson.

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**(iv) SGA costs**

The maximum annual lost EndoWrist repair units approximate 50,000 units.<sup>411</sup> To estimate SIS’s variable selling, general and administrative (or “SGA”) costs, I use the variable portion of SIS’s SGA costs in the event they would have been repairing up to an additional 50,000 EndoWrist instruments annually.<sup>412</sup> I have analyzed SIS’s SGA costs and estimate something less than 9% of sales would have been variable.<sup>413</sup> I use a 9% variable SGA cost rate.

Applying the 9% variable SGA cost rate to the approximate \$71 million of annual lost sales in 2023, for example, equates to more than \$6 million of SGA costs. The \$6 million of SGA costs applies to the additional approximate 50,000 EndoWrists instruments.

For comparison, I understand SIS repairs approximately 1,000,000 instruments annually (i.e., multiples of the 50,000 units), and has incurred less than \$6 million SGA costs in total for its entire business.<sup>414</sup> Thus, the maximum additional EndoWrist repairs are a fraction of the volume of instrument repairs SIS already does.

**b) Distributor model costs**

The Distributor model assumes SIS acted essentially as a distributor for the EndoWrist repair services. Rebotix and/or Restore would have provided the repair services. While this alternative was not SIS’s intention, SIS’s initial EndoWrist repair sales consisted of Rebotix performing the repair services.

SIS’s Distributor model incremental costs would have included the following:<sup>415</sup>

- Repair services purchase price – prices paid to Rebotix (and/or Restore)
- 4% paid to Vizient (same as In-house model)
- SGA costs (same as In-house model)

**Schedule 3.1** summarizes the Distributor model alternative Scenario 1 – Illegal Encryption lost profits damages.

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<sup>411</sup> **Schedule 2.2.**

<sup>412</sup> **Schedule 15.1.**

<sup>413</sup> **Schedule 15.1.**

<sup>414</sup> Discussion with Greg Posdal. **Schedule 15.0.**

<sup>415</sup> Based on discussions with Greg Posdal and Keith Johnson.

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**4. SIS’s In-house model lost profits through 2025 – approximately \$102.6 million**

SIS’s In-house model lost profits are calculated by subtracting the In-house model incremental costs from lost revenue each year. To determine SIS’s In-house model lost profits damages, I calculated the present value of the lost profits as of January 1, 2024, the approximate trial timeframe.

**5. SIS’s Distributor model lost profits through 2025 – approximately \$40.9 million**

SIS’s Distributor model lost profits are calculated by subtracting the Distributor model incremental costs from lost revenue each year. SIS’s Distributor present value lost profits damages as of January 1, 2024 approximate \$40.9 million.

**6. Annual lost profits per unit**

The annual lost profits per unit for the S/Si and X/Xi are reasonably comparable in both the in-house model and distributor model. For example, in 2020, the annual lost profits per unit approximate \$570 for S/Si and \$549 for X/Xi in the in-house model, and approximate \$214 for S/Si and \$204 for X/Xi in the distributor model, respectively.<sup>416</sup> To the extent the respective share of S/Si and X/Xi units is different than those discussed above,<sup>417</sup> I would use these per-unit values to estimate damages.

**F. Scenario 2 – Unenforceable Contracts lost profits damages**

Scenario 2 assumes enforcing the hospital contracts is illegal. It also assumes SIS’s capability to repair S/Si EndoWrists would have similarly applied to X/Xi EndoWrists. However, it also takes into account that cracking the X/Xi encryption would have taken some period of time. [REDACTED]

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<sup>416</sup> **Schedules 2.1 and 3.1.** The annual lost profits per unit amounts for years after 2020 are also shown on these schedules.

<sup>417</sup> For example, I understand SIS has accused Intuitive of taking step to force customer to switch from S/Si da Vinci robots for which EndoWrist repair is possible to X/Xi da Vinci robots for which EndoWrist repair was not possible. Comp. ¶¶ 108-109.

<sup>418</sup> Deposition of Clifton Parker 143-144 (October 25, 2022). Discussion with Kurt Humphrey.

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The Scenario 2 – Unenforceable Contracts analysis employs the same methodology as Scenario 1 – Illegal Encryption. The difference is the delayed capability to repair the X/Xi until a later date. Accordingly, the Year 1, Year 2 and Year 3 X/Xi conversion period begins later, in 2021 or 2022 (rather than 2020).

The Scenario 2 – Unenforceable Contracts analysis is summarized on **Schedules 4.0 to 4.5 and 5.0 to 5.3**. For Scenario 2 – Unenforceable Contracts lost profits damages, I similarly calculate In-house repair model damages and Distributor model damages.<sup>419</sup>

Similar to Scenario 1, the annual lost profits per unit amounts for the S/Si and X/Xi are reasonably comparable in both the in-house model and distributor model.<sup>420</sup>

## **XV. Lanham Act Damages**

As described above, SIS has accused Intuitive of unfair trade practices in violation of the Lanham Act.<sup>421</sup> In addition to SIS’s lost profits, I have also been asked to address disgorgement of Intuitive’s profits under the Lanham Act.

Under the Lanham Act, I understand a plaintiff is entitled to recover:<sup>422</sup>

...(1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

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<sup>419</sup> **Schedule 1.0.**

<sup>420</sup> **Schedules 4.1 and 5.1.**

<sup>421</sup> Compl. ¶¶ 122-126.

<sup>422</sup> 15 USC 1117: Recovery for violation of rights; (a) Profits; damages and costs; attorney fees (house.gov).

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I understand Lanham Act damages would begin no later than November 26, 2019, when Marin General Hospital, a SIS customer, received a letter from Intuitive about it using a third party (SIS) to reprogram the number of EndoWrist uses.<sup>423</sup> For purposes of my analysis, I have already quantified the lost profit damages to SIS based on the lost repair units analyses addressed above under lost profits. Those lost SIS repair units begin in January 2020.

With respect to Intuitive’s profits that SIS would be entitled to under the Lanham Act, I have quantified Intuitive’s sales on the Scenario 2 – Unenforceable Contracts lost repair units on **Schedule 16.1** and **Schedule 16.2**, with a January 1, 2024 present value.

**XVI. Conclusion**

My opinions and analyses contained herein are based upon information that is presently known and available to me. As additional information is made available, I may update my opinions and analyses accordingly. I will provide updated calculations or interest calculations as appropriate. I also anticipate preparing illustrative trial exhibits based on information contained within this Report as well as any relevant additional information that becomes available hereafter.

Respectfully submitted,



Richard F. Bero, CPA, CVA  
December 2, 2022

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<sup>423</sup> SIS000202-000204.

# Data and Other Information Considered - as of December 2, 2022

## Attachment 1

### LEGAL FILINGS:

#### Surgical Instrument Service Company, Inc. v. Intuitive Surgical, Inc. (Case No. 3:21-cv-03496-VC):

Complaint dated May 10, 2021  
Defendant Intuitive Surgical, Inc.'s Notice of Motion, Motion and Memorandum of Points and Authorities in Support of its Motion to Dismiss the Complaint filed August 6, 2021  
Declaration of Karen Hoffman Lent in Support of Defendant's Request for Judicial Notice in Support of Intuitive Surgical, Inc.'s Motion to Dismiss the Complaint with Exhibit 1 filed August 6, 2021  
Request for Judicial Notice in Support of Intuitive Surgical, Inc.'s Motion to Dismiss the Complaint filed August 6, 2021  
[Proposed Order] Granting Request for Judicial Notice filed August 6, 2021  
Defendant Intuitive Surgical, Inc.'s Notice of Motion, Motion and Memorandum of Point and Authorities in Support of Motion to Stay filed August 13, 2021  
[Proposed] Order Granting Defendant Intuitive Surgical Inc.'s Stay filed August 13, 2021  
Declaration of Karen Hoffman Lent in Support of Defendant's Notice of Motion, Motion, and Memorandum of Points and Authorities in Support of Motion to Stay with Exhibits 1-4 filed August 13, 2021  
Plain iff Surgical Instrument Service Company, Inc.'s Opposition to Defendant's Motion to Dismiss filed August 20, 2021  
Plain iff's Initial Disclosures dated August 26, 2021  
Intuitive's Initial Disclosures dated August 26, 2021  
Plain iff Surgical Instrument Service Company, Inc.'s Opposition to Defendant's Motion to Stay filed August 27, 2021  
Declaration of Joshua Van Hoven in Support of Plaintiff's Opposition to Defendant's Motion to Stay with Exhibits 1 and 2 filed August 27, 2021  
Declaration of Gregory J. Posdal filed August 27, 2021  
Defendant Intuitive Surgical, Inc.'s Reply Memorandum of Law in Support of its Motion to Dismiss the Complaint filed September 3, 2021  
Defendant Intuitive Surgical, Inc.'s Reply Memorandum of Law in Support of its Motion to Stay filed September 3, 2021  
Declaration of Karen Hoffman Lent in Support of Defendant's Reply Memorandum of Law in Support of its Motion to Stay with Exhibit 1 filed September 3, 2021  
Order Granting in Part and Denying in Part Motion to Dismiss filed November 23, 2021  
Defendant Intuitive Surgical, Inc.'s Answer, Affirmative Defense and Counterclaims with Exhibits 1-7 filed December 14, 2021  
Plain iff/Counterclaim Defendant Surgical Instrument Service Company, Inc.'s Answer to Defendant/Counterclaim Plaintiff's Counterclaims filed January 10, 2022  
Stipulated Protective Order filed with Exhibit A signed by Richard Bero, Beth Bergman, Joseph Laur, Ammar Susnerwala and Nick Romans filed March 30, 2022  
Joint Stipulation and [Proposed] Order to Modify Schedule filed April 11, 2022

#### Interrogatories:

Defendant/Counterclaimant Intuitive Surgical, Inc.'s Objections and Responses to Plain iff Surgical Instrument Service Co., Inc.'s First Set of Interrogatories dated April 29, 2022  
Plain iff Surgical Instrument Service Company, Inc.'s Answer and Objection to Defendant's Interrogatories First Set - Nos. 1-3 dated May 20, 2022  
Plain iff Surgical Instrument Service Company, Inc.'s Answer and Objections to Defendant's Interrogatories Second Set - Nos. 4-18 dated August 8, 2022

#### Restore Robotics, et al. v. Intuitive Surgical, Inc. (Case No. 5:19-cv-00055-TKW-MJF):

Defendant's Answer, Affirmative Defense and Counterclaims filed September 30, 2019  
Defendant's First Amended Counterclaims with Exhibits 1-3 filed November 28, 2019  
Plain iffs Restore Robotics LLC and Restore Robotics Repairs LLC's Answer to Defendant's Amended Counterclaims filed December 12, 2019  
Second Amended Complaint with Exhibits 1-5 filed March 29, 2021  
Defendant's Answer and Affirmative Defense filed April 12, 2021

#### Rebotix Repair LLC v. Intuitive Surgical, Inc. (Case No. 8:20-cv-02274-VMC-TGW):

Complaint filed September 28, 2020  
Defendant's Answer, Affirmative Defenses and Counterclaims with Exhibits A-E filed April 2, 2021  
Rebotix's Answer and Affirmative Defenses to Intuitive's Counterclaims filed April 23, 2021

### EXPERT REPORTS:

#### Surgical Instrument Service Company, Inc. v. Intuitive Surgical, Inc. (Case No. 3:21-cv-03496-VC):

Expert Report of Jean Sargent dated December 2, 2022

#### Restore Robotics, et al. v. Intuitive Surgical, Inc. (Case No. 5:19-cv-00055-TKW-MJF):

Expert Report of Heather Rosecrans dated August 20, 2021

## Data and Other Information Considered - as of December 2, 2022

### Attachment 1

Expert Report of John Bomalaski dated August 20, 2021  
Expert Report of Dr. Robert D. Howe dated August 20, 2021  
Expert Report of Sara Parikh, Ph.D. dated August 20, 2021  
Expert Report of Professor Christina DePasquale dated August 20, 2021  
Expert Report of Loren K. Smith, Ph.D. dated August 20, 2021  
Expert Rebuttal Report of Loren K. Smith, Ph.D. dated September 27, 2021  
Rebuttal Expert Report of Christina DePasquale dated October 7, 2021  
Supplemental Expert Report of Christina DePasquale dated October 28, 2021

**Any additional documents cited therein.**

#### Rebotix Repair LLC v. Intuitive Surgical, Inc. (Case No. 8:20-cv-02274-VMC-TGW):

Expert Report of Dr. John Bomalaski dated July 26, 2021  
Expert Report of Robert Howe dated July 26, 2021  
Expert Report of Kurt Humphrey dated July 26, 2021  
Expert Report of Russell Lamb dated July 26, 2021  
Expert Report of Gwen Mandel dated July 26, 2021  
Expert Report of Robert Mills dated July 26, 2021  
Expert Report of Sara Parikh dated July 26, 2021  
Expert Report of Heather Rosecrans dated July 26, 2021  
Expert Report of Joshua Sharlin dated July 26, 2021  
Expert Report of Loren K. Smith, Ph.D. dated July 26, 2021  
Amended Expert Report of Sara Parikh dated August 5, 2021  
Expert Report of Larry Chiagouris dated August 30, 2021  
Rebuttal Report of Robert Mills dated August 30, 2021  
Expert Report of Kim Parnell dated August 30, 2021  
Rebuttal Expert Report of Heather Rosecrans dated August 30, 2021  
Expert Damages Rebuttal Report of Loren K. Smith, Ph.D. dated August 30, 2021  
Expert Antitrust Merits Report of Loren K. Smith, Ph.D. dated August 30, 2021  
Expert Report of Lawrence Stevens dated August 30, 2021  
Supplemental Expert Report of Russell Lamb dated September 22, 2021  
Supplemental Expert Report of Robert Mills dated September 22, 2021

**Any additional documents cited therein.**

#### **DEPOSITIONS:**

##### Restore Robotics, et al. v. Intuitive Surgical, Inc. (Case No. 5:19-cv-00055-TKW-MJF):

Mark Johnson dated April 29, 2021 with Exhibits 0001-0009  
Todd Pope dated April 30, 2021 with Exhibits 1-7  
30(b)(6) Restore Robotics LLC and Restore Robotics Repairs LLC through Clifton Earl Parker, and Clifton Parker Individually dated May 4, 2021 with Exhibits 1-7  
David Robinson dated May 5, 2021  
Kevin May dated May 6, 2021 with Exhibits 1-24  
John "Jake" Joseph Colletti Jr., dated May 7, 2021 with Exhibits 1-13  
Greg Posdal dated May 10, 2021 with Exhibits 1-6  
Mills Vautrot dated May 11, 2021 with Exhibits 1-12  
West E. Gordon dated May 13, 2021 with Exhibits 1-17  
Sherry Harvey dated May 14, 2021 with Exhibits 1-7  
Cario Wasfy dated May 18, 2021 with Exhibits 1-23  
Dave Rosa dated May 19, 2021 with Exhibits 1-9



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### Attachment 1

Robert DeSantis dated May 20, 2021 with Exhibits 1-9  
Kyle Marks dated May 21, 2021 with Exhibits 1-8  
Tyler McDonald dated May 21, 2021 with Exhibits 1-17  
Ronald Lee Blair Jr. dated May 24, 2021 with Exhibits 1-3  
Eugene Otto Dickens M.D., dated May 27, 2021 with Exhibits 1-2  
Amie Renee Reed dated May 27, 2021 with Exhibits 1-3  
Kevin May (Vol. II) dated June 8, 2021 with Exhibits 1-6  
Michael Madewell dated June 11, 2021 with Exhibits 1-21

#### Rebotix Repair LLC v. Intuitive Surgical, Inc. (Case No. 8:20-cv-02274-VMC-TGW):

Myriam Curet M.D., dated May 7, 2021 with Exhibits 1-6  
Glenn Vavoso dated May 14, 2021 with Exhibits 1-39  
Ronald Lee Blair, Jr. dated May 24, 2021 with Exhibits 1-22  
Edward W. Harrich dated May 24, 2021 with Plaintiff's Exhibits 1-9, Defendant's Exhibits DF1-DF5  
Katie Scoville dated May 26, 2021 with Exhibits 1-13  
Robert DeSantis dated May 27, 2021 with Exhibits 1-29  
Stacey Donovan dated May 27, 2021 with Exhibits P1-P9, D1-D3  
30(b)(6) Rebotix Repair, LLC through Glenn Papit dated June 2, 2021 with Exhibits 1-24  
Stan (Lay) Hamilton dated June 4, 2021 with Exhibits 1-10  
David Mixner dated June 10, 2021 with Exhibits 1-18  
Chris Gibson dated June 22, 2021 with Exhibits 1-22

#### In Re: Da Vinci Surgical Robot Litigation - All Cases:

Judith Schimmel dated September 22, 2022 with Exhibits 1-20  
Sandra Guerro dated September 23, 2022 with Exhibits 21-46  
Mark Early dated October 6, 2022 with Exhibits 28, 30, 59-81  
Disha Peswani dated October 6, 2022 with Exhibits 1-17  
Margaret Nixon dated October 7, 2022 with Exhibits 18-32  
John Wagner dated October 11, 2022 with Exhibits 54, 56, 104-116  
Shreya Purohit dated October 12, 2022 with Exhibits 33-53  
John Francis M.D. dated October 14, 2022 with Exhibits 54-55  
Ryan Shaw dated October 19, 2022 with Exhibits 56-74  
Gayle Perry dated October 20, 2022 with Exhibits 75-79, 81-84  
Ricardo Estape, M.D. dated October 22, 2022 with Exhibits 118-120, Estape 01, 34, 61, 95  
Clifton Parker dated October 25, 2022 with Exhibits 121-134  
30 (b)(6) Nickola (Nicky) Goodson dated October 27, 2022 with Exhibits 85-106  
30(b)(6) Keith Johnson dated October 27, 2022 with Exhibits 135-140  
Keith Johnson (Individually) dated October 27, 2022 with Exhibits 141-144  
Imron Zafar dated November 1, 2022 with Exhibits 1-5, 111-113  
Mario Lowe dated November 3, 2022 with Exhibits 81-83, 144  
Kevin May dated November 3, 2022 with Exhibits 154-156, Plaintiff's Exhibit 1  
John Sampson dated November 3, 2022 with Exhibits 184-193  
Stan Hamilton dated November 4, 2022 with Exhibits 157, 158, 160, 204  
Sharathchandra (Shark) Somayaji dated November 4, 2022 with Exhibits 201, 203, 205-208, 211-213, 216-218, 220, 223-224, 227-230  
Todd Tourand dated November 4, 2022 with Exhibits 39, 200, 202, 209, 210, 214, 215, 219, 221, 222, 225, 226  
30 (b)(6) Marshall Mohr dated November 7, 2022 with Exhibits 231-236

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## Attachment 1

30(b)(1) Grant DuQue (Personal) dated November 8, 2022 with Exhibits 238, 240-241, 243-244, 246-249, 257-258, 263  
30(b)(6) Grant DuQue dated November 8, 2022 with Exhibits 264, 266-269  
David Fabricant dated November 8, 2022 with Exhibits 239, 239A-239D, 242, 242A, 245, 245A, 250-253, 253A, 254-256, 259, 261-262  
Ca herine Mohr M.D. dated November 9, 2022 with Exhibits 270-285  
30(b)(1) Colin Morales (Personal) dated November 9, 2022 wi h Exhibits 120-134  
30(b)(6) Colin Morales dated November 9, 2022 with Exhibits 135-143  
Dan Jones dated November 10, 2022 wi h Exhibits 286-294  
Rick Ferreira dated November 10, 2022 with Exhibits 207-220, 295-296  
30 (b)(6) Nickola (Nicky) Goodson dated November 16, 2022 with Exhibit 297

### Surgical Instrument Service Company, Inc. v. Intuitive Surgical, Inc.:

30(b)(1) Jose Gonzales (Personal) dated October 17, 2022 with Exhibits 39, 45, 82, 83  
30(b)(6) Jose Gonzales dated October 17, 2022 wi h Exhibits 84-99, 117  
30(b)(6) Greg Posdal dated November 1, 2022 with Exhibits 145-146, Previously Marked Exhibits 136, 138  
30(b)(1) Greg Posdal (Personal) dated November 1, 2022 with Exhibits 147-148, Previously Marked Exhibits 107, 143

### DISCUSSIONS WITH:

#### SIS personnel:

Keith Johnson, Executive Vice President, Sales and Clinical Programs  
Greg Posdal, President and C.E.O

Jean Sargent, industry expert

### DOCUMENTS WITH BATES STAMPS:

ALPIN00001-00005	Intuitive-00223902-00223935	Intuitive-00602325	Restore-00001939	SIS091827-091828	SIS196155
BB001260	Intuitive-00223937-00223970	Intuitive-00602576-00602578	Restore-00002260-00002265	SIS091833	SIS196156
BB002642-002644	Intuitive-00223998-00224033	Intuitive-00602603	Restore-00002891-00002915	SIS091834	SIS196158
BSWH-0000446-0000448	Intuitive-00230855	Intuitive-00603164	Restore-00003932-00003942	SIS091839	SIS196159
CCSC-I 000038-000051	Intuitive-00230856	Intuitive-00603510	Restore-00006083-00006084	SIS091840-091841	SIS196209
CMR-00001108-00001111	Intuitive-00231004	Intuitive-00603990-00603991	Restore-00009387	SIS091842-091844	SIS196210
Intuitive 00398790-00398858	Intuitive-00234762-00234838	Intuitive-00604054-00604055	Restore-00012292	SIS091846-091913	SIS196219
Intuitive-00000157-00000209	Intuitive-00240550-00240638	Intuitive-00604123	Restore-00013682-00013692	SIS092142	SIS196220
Intuitive-00000256	Intuitive-00241336-00241370	Intuitive-00604127	Restore-00022922	SIS092353-092356	SIS196226
Intuitive-00000257	Intuitive-00246469-00246491	Intuitive-00604145	Restore-00055932-00055939	SIS092357-092359	SIS196227
Intuitive-00000258	Intuitive-00254135	Intuitive-00605636	SIS000001	SIS092410-092477	SIS196228
Intuitive-00000259	Intuitive-00254875-00254877	Intuitive-00620200	SIS000022	SIS092637-092638	SIS196230-196231
Intuitive-00000260	Intuitive-00255397	Intuitive-00624829	SIS000023	SIS092666-092668	SIS196232
Intuitive-00000261	Intuitive-00258654	Intuitive-00626145	SIS000024	SIS092675	SIS196235
Intuitive-00000276	Intuitive-00261446-00261486	Intuitive-00646018-00646041	SIS000025	SIS092916-092917	SIS196236
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Intuitive-00001237-00001311	Intuitive-00268606-00268612	Intuitive-00674398	SIS000033-000034	SIS093168-093170	SIS196251
Intuitive-00001639	Intuitive-00268762-00268767	Intuitive-00685424	SIS000035-000045	SIS093171-093176	SIS196252
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Intuitive-00002050-00002092	Intuitive-00273157	Intuitive-00686068	SIS000050	SIS093423-093425	SIS196254
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Intuitive-00004412-00004420	Intuitive-00278244-00278245	Intuitive-00695231-00695234	SIS000061	SIS094014-094016	SIS196273
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Intuitive-00005309-00005328	Intuitive-00292437-00292461	Intuitive-00702284	SIS000213-000215	SIS094448-094450	SIS196311
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Intuitive-00010179	Intuitive-00323352	Intuitive-00834793	SIS000261-000268	SIS094618-094622	SIS196322-196323
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Intuitive-00024105	Intuitive-00367171-00367172	Intuitive-01069706-01069707	SIS000450-000451	SIS095555-095622	SIS196368
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Intuitive-00040518	Intuitive-00390870-00390906	Intuitive-01405189-01405190	SIS000631-000632	SIS097037-097104	SIS237205-237209
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Intuitive-00042937-00042972	Intuitive-00397354-000397395	Intuitive-02025757-02025759	SIS000635-000639	SIS097110-097112	SIS237364-237373
Intuitive-00043100	Intuitive-00412740-00412762	Intuitive-02026480	SIS000652-000655	SIS097113-097114	SIS250885

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Intuitive-00043101-00043148	Intuitive-00421009-00421014	Intuitive-02046270	SIS000656.001	SIS097119	SIS251593
Intuitive-00043879-00043885	Intuitive-00421106-00421118	Intuitive-02067634	SIS000660-000661	SIS097122-097123	SIS276305
Intuitive-00044517	Intuitive-00421796-00421808	Intuitive-02068980	SIS000662	SIS097126-097128	SIS299535-299561
Intuitive-00044524-00044526	Intuitive-00423683-00423683	Intuitive-02069208	SIS000663	SIS097139	SIS299583-299593
Intuitive-00044528-00044530	Intuitive-00423684-00423736	Intuitive-02069211	SIS000663-000664	SIS097141	SIS319267
Intuitive-00045350-00045354	Intuitive-00439319-00439321	Intuitive-02069286	SIS000665-000667	SIS097217-097218	SIS319315-319322
Intuitive-00045861-00045898	Intuitive-00439677-00439679	Intuitive-02069694	SIS000672	SIS097220-097231	SIS319323-19329
Intuitive-00046428	Intuitive-00463328-00463403	Intuitive-02069746	SIS001621	SIS097269	SIS320176-320188
Intuitive-00047082	Intuitive-00465615-00465616	Intuitive-02069760	SIS001648	SIS097270	SIS320189-320201
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Intuitive-00076261	Intuitive-00519980-00520005	MEDLINE0040518 - 0040544	SIS009428	SIS117733-117749	SIS327637
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Intuitive-00086194-00086283	Intuitive-00544903-00545124	REBOTIX000835-000845	SIS009514	SIS117912-117929	SIS328322-328333
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Intuitive-00104928-00104953	Intuitive-00579633-00579645	REBOTIX054249-054249	SIS033371-033438	SIS142445	SIS340585-340599
Intuitive-00105904-00106106	Intuitive-00581597	REBOTIX054620-054620	SIS033590-033593	SIS142683-142698	SIS341124
Intuitive-00106127-00106128	Intuitive-00581618	REBOTIX054897	SIS033653	SIS142726-142742	SIS341132
Intuitive-00106653-00106658	Intuitive-00581814-00581883	REBOTIX055131	SIS033654	SIS142766-142782	SIS343965

# Data and Other Information Considered - as of December 2, 2022

## Attachment 1

Intuitive-00110242-00110243	Intuitive-00582105-00582117	REBOTIX055134	SIS033655-033660	SIS142937-142939	SIS343965-343971
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Intuitive-00128687-00128691	Intuitive-00595405	REBOTIX058675	SIS045201-045203	SIS148945	SIS346267
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## Data and Other Information Considered - as of December 2, 2022

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Intuitive-00194074-00194089	Intuitive-00595447	REBOTIX144717-144721	SIS075742-075743	SIS194501-194504	SIS357280-357283
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Intuitive-00222027-00222038	Intuitive-00602098	Restore-00001538-00001578	SIS091796-091797	SIS196087-196091	

#### DOCUMENTS WITHOUT BATES STAMPS:

##### SIS Financial Statements:

2019 income statement.xls  
Apr 2018 Income Statement.xls

##### SIS Sales by Customer:

Annual Sales by Hosp.xls

##### SIS Tax Returns:

Tax Return - Surgical Instrument Service Co. - 2019 Client Copy

Copy of State Tax Research (003)

Dept\_Summary (1)

Dept\_Summary

Vizient\_Membership\_Eligibility-2022-11-26T21\_40\_59

Vizient\_Public\_Sector\_Eligibility-2022-11-26T21\_43\_04

#### INDEPENDENT RESEARCH:

Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2017  
Intuitive Surgical, Inc. Annual Report 2018 with Form 10-K for the fiscal year ended December 31, 2018  
Intuitive Surgical, Inc. Annual Report 2019 with Form 10-K for the fiscal year ended December 31, 2019  
Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2020  
Intuitive Surgical, Inc. Form 10-K for the fiscal year ended December 31, 2021



## Data and Other Information Considered - as of December 2, 2022

### Attachment 1

New Membership Agreement Between Vizient and the Children's Hospital Association Expands Services to Include Supply Chain Analytics Solutions

Vizient Announces 11 Member Agreements for Q1 2022

Vizient Announces 15 New, Renewed or Expanded Member Agreements in Q1

Vizient Announces 21 New, Renewed or Expanded Member Agreements in Q2

Vizient Announces 35 New, Renewed or Expanded Member Agreements in Q3 and Q4 of 2020

Vizient Announces 97 New, Renewed or Expanded Member Agreements in 2021

Vizient Announces New Member Agreement with The University of Texas System

Vizient Announces New Membership Agreement with Leading Academic Health System

Vizient Announces New Membership Agreement with SSM Health

da Vinci Surgical System EndoWrist/Single-Site Instrument & Accessory Catalog (May 2014)

Da Vinci Xi X Instrument & Accessory Catalog (January 2019)

Da Vinci X/Xi Instrument & Accessory Catalog (October 2021)

#### WEBSITES:

<https://www.aha.org/statistics/fast-facts-us-hospitals>

<https://bmpmedical.com/reasons-to-switch-to-single-use-medical-devices-and-disposable-medical-supplies/>

<https://www.carevoyance.com/blog/acute-care-hospitals>

<https://www.cdc.gov/oralhealth/infectioncontrol/faqs/single-use-devices.html>

<https://www.definitivehc.com/blog/how-many-hospitals-are-in-the-us>

<https://www.definitivehc.com/blog/top-10-gpos-by-staffed-beds>

<https://www.fda.gov/media/150141/download>

<https://www.fda.gov/medical-devices/reprocessing-reusable-medical-devices/what-are-reusable-medical-devices>

<https://www.fda.gov/medical-devices/products-and-medical-procedures/reprocessing-reusable-medical-devices>

<https://healthtrustpg.com/about-healthtrust/>

<https://investors.premierinc.com/events-and-reports/reports/default.aspx?section=report>

<https://investors.premierinc.com/news/press-release-details/2016/Premier-Inc-and-Banner-Health-Expand-Partnership/default.aspx>

<https://www.justice.gov/atr/horizontal-merger-guidelines-08192010>

<https://premierinc.com/about>

<https://rebotixrepair.com>

<https://newsroom.vizientinc.com/en-US/releases/vizient-announces-11-member-agreements-for-q1-2022>

<https://supplychainassociation.org/about-us/what-is-gpo>

<https://web.archive.org/web/20191108191050/https://www.vizientinc.com/what-we-do>

<https://www.yankeeealliance.com/content/premier-certified-sponsor-affiliates>

<https://www.vizientinc.com>

Moore, Eric J., "Robotic Surgery," Britannica (<https://www.britannica.com/science/robotic-surgery>)

15 USC 1117: Recovery for violation of rights (a) Profits; damages and costs; attorney fees ([house.gov](https://www.house.gov))

#### OTHER:

American Institute of Certified Public Accountants (AICPA) Practice Aid (2006)

Association of International Certified Public Accountants (AICPA) Forensic & Valuation Services Practice Aid – Calculating Lost Profits (2018)

The Comprehensive Guide to Economic Damages: Volume One (2020 6<sup>th</sup> ed., BVR Publications)

**Any additional documents, websites, or other information referenced throughout this report.**



ATTACHMENT 2



**RICHARD F. BERO, CPA, CVA**

N16 W23217 Stone Ridge Drive, Suite 150, Waukesha, WI 53188

Phone – (262) 522-7922 Fax – (262) 436-2444

rbero@berogroup.com

***PROFESSIONAL EXPERIENCE:***

**The BERO Group / Corporate Financial Advisors, LLC**

Managing Director

Waukesha, Wisconsin

December 1995-Present

Mr. Bero founded Corporate Financial Advisors in 1995 and served as Managing Director. The BERO Group evolved from Corporate Financial Advisors and Mr. Bero serves as Managing Director. Mr. Bero provides financial and accounting consulting services and expert testimony pertaining to valuation issues and financial damages issues.

**Coopers & Lybrand**

Manager – Litigation & Claims Services

Milwaukee, Wisconsin

1994-1995

Mr. Bero was the Manager and Practice Leader of the Coopers & Lybrand Milwaukee Litigation & Claims Services practice.

**Peterson Consulting Limited Partnership**

Executive Consultant

Milwaukee, Wisconsin

Chicago, Illinois

1989-1994

1987-1989

Mr. Bero provided litigation and business dispute support services to trial attorneys and corporate counsel.

***EDUCATION:***

**University of Wisconsin–Madison**

Bachelor of Business Administration

Accounting and Finance

1986

***ACTIVITIES/OTHER:***

Intellectual Property Valuation Instructor – National Association of Certified Valuation Analysts  
Licensing Executives Society – Co-Chair Wisconsin Chapter – 2006-2008  
Intellectual Property Owners Association – Damages Committee Member – 2004-present  
National Association of Certified Valuation Analysts, CVA  
Wisconsin Institute of Certified Public Accountants:  
Board of Directors – 2000-2002  
Chairman CPA's In Industry – Committee 1997-1999  
Outstanding Committee Chairperson Award – 1997-1998  
American Institute of Certified Public Accountants  
Becker CPA Review – Instructor 1995-1998

***EXPERT WITNESS TESTIMONY – LAST FOUR YEARS:***

*ABC Corporation I et al v. The Partnership and Unincorporated Associations Identified on Schedule "A"*  
United States District Court – Northern District of Illinois  
Case No. 1:20-cv-04806 (filed 8/17/20)  
December 2022 (Hearing Testimony)  
February 2022 (Deposition Testimony)

*Condair Group AG v. Dri-Steem Corporation*  
United States District Court – U.S. District of Minnesota  
Case No. 0:21-cv-00863 (filed 3/29/21)  
September 2022 (Deposition Testimony)

*Don Lee Farms, a division of Goodman Food Products, Inc., v. Beyond Meat Inc., et al.*  
State of California – Los Angeles County  
Case No. BC662838 (filed 5/25/17)  
April 2022 (Deposition Testimony)

*G.W. Lisk Company, Inc. v. Power Packer North America, Inc. d/b/a GITS Manufacturing Company*  
United States District Court – Southern District of Iowa  
Case No. 4:17-cv-00273 (filed 7/21/17)  
April 2022 (Deposition Testimony)

*Sartin et al. v. Chula Vista Inc. et al.*  
United States District Court – Eastern District of Wisconsin  
Case No. 2:18-cv-01890-WED (filed 11/30/18)  
October 2021 (Deposition Testimony)

*Cyntec Company, Ltd. v. Chilisin Electronics Corp. and Chilisin America Ltd.*  
United States District Court – Northern District of California  
Case No. 4:18-cv-00939-PJH (filed 2/14/18)  
August 2021 (Trial Testimony)  
June 2020 (Deposition Testimony)

*Wudi Industrial (Shanghai) Co., Ltd. v. Wai L. Wong*  
United States District Court – Eastern District of Virginia  
Case No. 1:20-cv-00908-CMH-MSN (filed 8/7/20)  
April 2021 (Deposition Testimony)

*Vermeer Corporation v. The Toro Company*  
United States District Court – Southern District of Iowa  
Case Nos. 4:17-cv-0076, 4:19-cv-00050 (filed 2/28/17; 2/12/19)  
October 2020 (Deposition Testimony)

*AOS Holding Company and A.O. Smith Corporation v. Bradford White Corporation*  
United States District Court – District of Delaware  
Case No. 1:18-cv-00412-LPS (filed 3/16/18)  
August 2020 (Trial Testimony)  
November 2019 (Deposition Testimony)

*RAM Group, Inc. v. H5G, LLC*  
State of Wisconsin – Milwaukee County  
Case No. 2018CV010102 (filed 12/10/18)  
June 2020 (Deposition Testimony)

*Dimensions Events LLC v. Danziger USA*  
Chicago Rabbinical Council (DT #17-09)  
May 2019 (Arbitration Hearing Testimony)  
May 2019 (Deposition Testimony)

*Smart Solar, Inc. d/b/a Smart Living Home & Garden v. Sky Billiards, Inc. d/b/a Best Choice Products*  
United States District Court – Northern District of Illinois  
Case No.: 1:17-cv-04211 (filed 6/2/17)  
April 2019 (Deposition Testimony)

*Gold & Levy d/b/a Rosseto v. Cal-Mil Plastic Products, Inc., et al.*  
United States District Court – Northern District of Illinois  
Case No.: 1:17-cv-00786-JBG-YBK (filed 1/31/17)  
December 2018 (Deposition Testimony)

### ***PUBLICATIONS:***

The Comprehensive Guide to Economic Damages, “Patent Infringement Damages: Lost Profits and Royalties”, “Design Patent Damages” and “Trade Secret Damages” (Chapters 28, 29 and 30, 2020 6th ed., Business Valuation Resources, LLC)

Bero, Richard. *The Litigator’s Damages Blueprint: The Pragmatic Solution*. Wisconsin: 422 Doty, LLC, 2019

The Comprehensive Guide to Economic Damages, “Patent Infringement Damages: Lost Profits and Royalties” and “Trade Secret Damages” (Chapters 26 and 27, 2018 5<sup>th</sup> ed., BVR Publications)

The Comprehensive Guide to Economic Damages, “Patent Infringement Damages: Lost Profits and Royalties” (Chapter 26, 2016 4<sup>th</sup> ed., BVR Publications)

The Comprehensive Guide to Lost Profits and Other Commercial Damages, “Patent Infringement Damages: Lost Profits and Royalties” (Chapter 25, 2014 3<sup>rd</sup> ed., BVR Publications)

April 2011 – CCH Business Valuation Alert, “The *Uniloc* Case: 25 Percent Rule of Thumb Rejected”

The Comprehensive Guide to Lost Profits, “Lost Profits Damages in Patent Infringement Lawsuits” (Chapter 19, 2011 ed., BVR Publications)

August 2009 – IP Law360 – “Demand for the Patented Product – Lower Bar?”

The Comprehensive Guide to Lost Profits, “Lost Profits Damages in Patent Infringement Lawsuits” (Chapter 12, 2009 ed., BVR Publications)

October 2008 – AIPLA White Paper – “Constructing Royalty Rates”

February 2008 – IP Law360 – “IP Litigation in China and the U.S.”

Global Intellectual Property Asset Management Report, “Intellectual Property Metrics Today: It Can Be Done” (June 2005 and July 2005)

Proving and Pricing Construction Claims, “Claims for Lost Profit” (Chapter 14, 2nd ed., 1996, Wiley Law Publications)

#### ***PRESENTATIONS:***

November 2021	Business Valuation Resources, LLC BVR's Special Series on New Economic Damages Guide Patent Royalty Damages – What's the Approach? Co-Presenter: John L. Abramic, Steptoe & Johnson LLP
May 2021	Business Valuation Resources, LLC National Economic Damages Virtual Conference 2021 (Day 1) Patent Infringement Damages Co-Presenter: Autumn N. Nero, Perkins Coie LLP
November 2020	American Intellectual Property Law Association Damages Subcommittee – Speaker Series Webinar Part II The Pragmatic Solution©
May 2020	American Intellectual Property Law Association Damages Subcommittee – Speaker Series Webinar Part I The Pragmatic Solution©
February 2020	Marquette Law School Guest Instructor – IP Litigation Class Milwaukee, Wisconsin
May 2019	Milwaukee Bar Association The Pragmatic Solution© Co-Presenter: Shane Brunner, Milwaukee Best & Friedrich LLP Milwaukee, Wisconsin

July 2018	Intellectual Property Owners Association – IP Chat Channel Webinar What’s Next for Design Patent Damages? The DOJ Test on Trial Co-Presenters: James Dottavio, Ford Motor Company and Elizabeth Ferrill, Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
September 2016	Wisconsin Intellectual Property Law Association Patent and IP Damages Update Milwaukee, Wisconsin
December 2015	WestLegalEdcenter Webinar Recent Patent Royalty Damages Decisions – Update & Discussion
October 2015	WestLegalEdcenter Webinar Recent Patent Royalty Damages Decisions – Update & Discussion
October 2015	Milwaukee Bar Association VirnetX and Ericsson – The Latest on Apportionment and Comparable Licenses Milwaukee, Wisconsin
July 2015	Hot Topics in Patent Royalty Damages Webinar Business Valuation Resources’ 2015 Special Series on Intellectual Property
April 2014	Michigan Intellectual Property Law Association Hot Topics in Patent Damages Troy, Michigan
May 2013	Hot Topics in Patent Royalty Damages Business Valuation Resources Online Symposium on Economic Damages: Part 3 Chicago, Illinois
September 2011	WestLegalEdcenter Webinar Recent Patent Damages Decisions – What is the Effect
August 2011	WestLegalEdcenter Webinar Constructing Royalty Rate Damages
January 2011	The Evolution of the Entire Market Value Rule Business Valuation Resources Webinar Series on Advanced Topics in Lost Profits Damages Chicago, Illinois
September 2010	Patent Damages: Managing the Risks and Contingent Costs Business Valuation Resources / Morningstar Summit on Best Practices in Valuing Intellectual Property Chicago, Illinois
March 2010	Tianjin Bar Association Damage Analysis Techniques and Considerations in U.S. Patent Litigations Tianjin, China

March 2010	Beijing Lawyers Association Damage Analysis Techniques and Considerations in U.S. Patent Litigations Beijing, China
December 2009	Milwaukee Bar Association Constructing Royalty Rate Damages Milwaukee, Wisconsin
October 2009	Michigan Intellectual Property Law Association Constructing Royalty Rate Damages Detroit, Michigan
June 2009	Licensing Executive Society – Chicago Chapter Constructing Royalty Rates Chicago, Illinois
March 2009	Milwaukee Bar Association Patent Infringement Damages – Working Effectively With Your Damages Expert Milwaukee, Wisconsin
January 2009	Wisconsin Intellectual Property Law Association Constructing Royalty Rates Milwaukee, Wisconsin
November 2008	Licensing Executive Society – Minnesota Chapter Constructing Royalty Rates Minneapolis, Minnesota
October 2008	American Intellectual Property Law Association – Annual Meeting Constructing Royalty Rates Washington, D.C.
October 2008	Minnesota Intellectual Property Law Association Constructing Royalty Rates Minneapolis, Minnesota
June 2008	Presentation to Judges and IP attorneys in China The Development of Patent Damages Shenzhen, China
May 2008	Licensing Executive Society International – Spring Conference Avoiding Intellectual Property Hurdles in the U.S. - The View from China Roundtable Moderator Chicago, Illinois
March 2008	Marquette Law School Royalty Damages in Patent Litigation Guest Instructor – IP Litigation Class Milwaukee, Wisconsin

October 2007	Guarding the Treasure: IP Valuation & Remedies Panelist Sponsored by Foley & Lardner New York, New York
October 2007	Shanghai Bar Association Patent Litigation & Valuation – Real World Examples in the U.S. Shanghai, China
October 2007	Shenzhen Society of Certified Public Appraisers Intellectual Property, Valuation and Damages Analysis – Real World Examples in the U.S. Shenzhen, China
May 2007	Shanghai Intellectual Property Service Center Intellectual Property in the U.S.: Opportunities, Valuation & Litigation Shanghai, China
May 2007	Shenzhen Bar Association Managing and Understanding the Value of IP – Real World Examples in the U.S. Shenzhen, China
October 2006	China Hi-Tech Fair 2006 Protection of Chinese Intellectual Property in the U.S. Patent Damages & Ways to Avoid Infringement Shenzhen, China
August 2006	Nanshan Sub-Bureau of Intellectual Property Administration Intellectual Property Value Issues in the United States an Overview for Chinese Businesses Shenzhen, China
March 2006	Milwaukee Bar Association Hindsight is 20/20: Developing & Presenting Damages in Intellectual Property Litigation and Complex Litigation Milwaukee, Wisconsin
December 2005	Wisconsin Intellectual Property Law Association Intellectual Property Damages Update & Discussion Pewaukee, Wisconsin
October 2005	Licensing Executives Society – Annual Meeting Facilitator: Advanced Practices Working Session III: To Sue or Not? How to Decide Phoenix, Arizona
September 2005	Digital Fabrication 2005 Seminar Panel Discussion: Intellectual Property Baltimore, Maryland



September 2005	Intellectual Property Owner's Annual Meeting Patent Infringement Damages Update and Discussion Seattle, Washington
April 2005	Licensing Executives Society – Wisconsin Chapter What's Reasonable: Royalty Damages in Patent Litigation Fond Du Lac, Wisconsin

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# Damages Summary

## Schedule 1.0

	2020	2021	2022	2023	2024 (discounted)	2025 (discounted)	Total
<b>Lost profits</b>							
<b><u>Scenario 1 - Illegal Encryption</u></b>							
<b>[A]</b> In-house model	\$4,861,686	\$16,979,680	\$24,223,614	\$27,662,628	\$22,046,612	\$6,850,616	\$102,624,836
<b>[B]</b> Distributor model	\$1,809,430	\$6,787,198	\$9,680,170	\$11,066,580	\$8,823,417	\$2,742,135	\$40,908,930
<b><u>Scenario 2 - Unenforceable Contracts</u></b>							
<b><u>2 Year X/Xi delay</u></b>							
<b>[C]</b> In-house model	\$752,970	\$1,069,936	\$5,610,902	\$19,830,094	\$22,046,612	\$6,850,616	\$56,161,130
<b>[D]</b> Distributor model	\$282,694	\$417,536	\$2,228,402	\$7,930,754	\$8,823,417	\$2,742,135	\$22,424,938
<b><u>1 Year X/Xi delay</u></b>							
<b>[E]</b> In-house model	\$752,970	\$5,842,528	\$17,455,507	\$27,662,628	\$22,046,612	\$6,850,616	\$80,610,861
<b>[F]</b> Distributor model	\$282,694	\$2,328,302	\$6,970,497	\$11,066,580	\$8,823,417	\$2,742,135	\$32,213,625
<b>Lanham Act</b>							
<b>[G]</b> Scenario 2 - 2 year X/Xi delay	\$3,397,612	\$4,956,376	\$26,724,252	\$94,852,384	\$105,499,912	\$32,785,303	\$268,215,839
<b>[H]</b> Scenario 2 - 1 year X/Xi delay	\$3,397,612	\$27,928,798	\$83,416,742	\$132,341,676	\$105,499,912	\$32,785,303	\$385,370,043

### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

- [A]** Per Schedule 2.0.
- [B]** Per Schedule 3.0.
- [C]** Per Schedule 4.0.
- [D]** Per Schedule 5.0.
- [E]** Per Schedule 4.3.
- [F]** Per Schedule 5.2.
- [G]** Per Schedule 16.1.
- [H]** Per Schedule 16.2.

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# Scenario 1 - Discounted Lost Profits: In-house Model

## Schedule 2.0

	2020	2021	2022	2023	2024	2025	Total
<b><u>Lost EndoWrist repair units</u></b>							
[A] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	7,484	28,822	42,530	49,215	41,711	14,542	184,304
[C] Total	8,805	30,686	43,486	49,662	41,888	14,578	189,105
<b><u>Lost revenues</u></b>							
[A] da Vinci S/Si	\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
[B] da Vinci X/Xi	\$10,582,376	\$41,071,350	\$60,902,960	\$70,475,880	\$59,730,152	\$20,824,144	\$263,586,862
[C] Total	\$12,480,653	\$43,776,014	\$62,273,864	\$71,116,878	\$59,983,970	\$20,875,768	\$270,507,147
<b><u>Incremental costs</u></b>							
[A] da Vinci S/Si	\$1,145,307	\$1,634,728	\$836,500	\$391,125	\$154,875	\$31,500	\$4,194,035
[B] da Vinci X/Xi	\$6,473,660	\$25,161,606	\$37,213,750	\$43,063,125	\$36,497,125	\$12,724,250	\$161,133,516
[C] Total	\$7,618,967	\$26,796,334	\$38,050,250	\$43,454,250	\$36,652,000	\$12,755,750	\$165,327,551
<b><u>Lost profits (undiscounted)</u></b>							
[A] da Vinci S/Si	\$752,970	\$1,069,936	\$534,404	\$249,873	\$98,943	\$20,124	\$2,726,250
[B] da Vinci X/Xi	\$4,108,716	\$15,909,744	\$23,689,210	\$27,412,755	\$23,233,027	\$8,099,894	\$102,453,346
[C] Total	\$4,861,686	\$16,979,680	\$24,223,614	\$27,662,628	\$23,331,970	\$8,120,018	\$105,179,596
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted lost profits	<b>\$4,861,686</b>	<b>\$16,979,680</b>	<b>\$24,223,614</b>	<b>\$27,662,628</b>	<b>\$22,046,612</b>	<b>\$6,850,616</b>	<b>\$102,624,836</b>

### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 2.1.

[B] Per Schedule 2.1.

[C] = [A] + [B]

[D] For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average SIC/GICS Composite WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

[E] Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

[F] =  $(1 + [H])^{-[I]}$ , rounded to 5 decimals.

[G] = Lost profits (undiscounted) per [C] \* [F]

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# Scenario 1 - Undiscounted Lost Profits: In-house Model

## Schedule 2.1

		2020	2021	2022	2023	2024	2025	Total
<b>da Vinci S/Si</b>								
<b>[A]</b> Lost EndoWrist repair units		1,321	1,864	956	447	177	36	4,801
Per unit								
<b>[B]</b> Average selling price		\$1,437	\$1,451	\$1,434	\$1,434	\$1,434	\$1,434	\$1,441
Incremental costs per unit								
<b>[C]</b> Repair costs		\$148	\$155	\$156	\$156	\$156	\$156	\$153
<b>[D]</b> Chip costs		\$533	\$533	\$533	\$533	\$533	\$533	\$533
<b>[E]</b> Vizient admin fees - % of sales	4%	\$57	\$58	\$57	\$57	\$57	\$57	\$57
<b>[F]</b> Additional SGA - % of sales	9%	\$129	\$131	\$129	\$129	\$129	\$129	\$130
<b>[G]</b> Total incremental costs		\$867	\$877	\$875	\$875	\$875	\$875	\$874
<b>[H]</b> Lost profits per unit		\$570	\$574	\$559	\$559	\$559	\$559	\$568
<b>[I]</b> Lost revenues		\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
Incremental costs								
<b>[J]</b> Repair costs		\$195,508	\$288,920	\$149,136	\$69,732	\$27,612	\$5,616	\$736,524
<b>[K]</b> Chip costs		\$704,093	\$993,512	\$509,548	\$238,251	\$94,341	\$19,188	\$2,558,933
<b>[L]</b> Vizient admin fees - 4% of sales		\$75,297	\$108,112	\$54,492	\$25,479	\$10,089	\$2,052	\$275,521
<b>[M]</b> Additional SGA - % of sales		\$170,409	\$244,184	\$123,324	\$57,663	\$22,833	\$4,644	\$623,057
<b>[N]</b> Total incremental costs		\$1,145,307	\$1,634,728	\$836,500	\$391,125	\$154,875	\$31,500	\$4,194,035
<b>[O] Lost profits - undiscounted</b>		<b>\$752,970</b>	<b>\$1,069,936</b>	<b>\$534,404</b>	<b>\$249,873</b>	<b>\$98,943</b>	<b>\$20,124</b>	<b>\$2,726,250</b>
<b>da Vinci X/Xi</b>								
<b>[A]</b> Lost EndoWrist repair units		7,484	28,822	42,530	49,215	41,711	14,542	184,304
Per unit								
<b>[B]</b> Average selling price		\$1,414	\$1,425	\$1,432	\$1,432	\$1,432	\$1,432	\$1,430
Incremental costs per unit								
<b>[C]</b> Repair costs		\$148	\$155	\$156	\$156	\$156	\$156	\$156
<b>[D]</b> Chip costs		\$533	\$533	\$533	\$533	\$533	\$533	\$533
<b>[E]</b> Vizient admin fees - % of sales	4%	\$57	\$57	\$57	\$57	\$57	\$57	\$57
<b>[F]</b> Additional SGA - % of sales	9%	\$127	\$128	\$129	\$129	\$129	\$129	\$129
<b>[G]</b> Total incremental costs		\$865	\$873	\$875	\$875	\$875	\$875	\$874
<b>[H]</b> Lost profits per unit		\$549	\$552	\$557	\$557	\$557	\$557	\$556
<b>[I]</b> Lost revenues		\$10,582,376	\$41,071,350	\$60,902,960	\$70,475,880	\$59,730,152	\$20,824,144	\$263,586,862
Incremental costs								
<b>[J]</b> Repair costs		\$1,107,632	\$4,467,410	\$6,634,680	\$7,677,540	\$6,506,916	\$2,268,552	\$28,662,730
<b>[K]</b> Chip costs		\$3,988,972	\$15,362,126	\$22,668,490	\$26,231,595	\$22,231,963	\$7,750,886	\$98,234,032
<b>[L]</b> Vizient admin fees - 4% of sales		\$426,588	\$1,642,854	\$2,424,210	\$2,805,255	\$2,377,527	\$828,894	\$10,505,328
<b>[M]</b> Additional SGA - % of sales		\$950,468	\$3,689,216	\$5,486,370	\$6,348,735	\$5,380,719	\$1,875,918	\$23,731,426
<b>[N]</b> Total incremental costs		\$6,473,660	\$25,161,606	\$37,213,750	\$43,063,125	\$36,497,125	\$12,724,250	\$161,133,516
<b>[O] Lost profits - undiscounted</b>		<b>\$4,108,716</b>	<b>\$15,909,744</b>	<b>\$23,689,210</b>	<b>\$27,412,755</b>	<b>\$23,233,027</b>	<b>\$8,099,894</b>	<b>\$102,453,346</b>

# Scenario 1 - Undiscounted Lost Profits: In-house Model

## Schedule 2.1

**NOTES / SOURCES:**

- Note: Any minor differences are due to rounding.
- [A] Per Schedule 2.2.
- [B] Per Schedule 8.0. For purposes of my analysis, the ASP after 2022 is the same as 2022.
- [C] Per Schedule 9.0. For purposes of my analysis, the cost per unit after 2022 is the same as 2022.
- [D] Per Schedule 10.0.
- [E] = [B] \* 4%. Per SIS169233-169280 at 238-239, SIS would have paid Vizient a GPO administrative fee of 4% of net sales. Per SIS319315, SIS would have paid Yankee a 3% administrative fee. SIS would not have paid an administrative fee for non-Vizient and non-Yankee customers. For purposes of my analysis, I assume all sales would have been subject to a 4% administrative fee, consistent with the Vizient Agreement.
- [F] = [B] \* 9% per Schedule 15.1.
- [G] = [C] + [D] + [E] + [F]
- [H] = [B] - [G]
- [I] = [A] \* [B]
- [J] = [A] \* [C]
- [K] = [A] \* [D]
- [L] = [A] \* [E]
- [M] = [A] \* [F]
- [N] = [J] + [K] + [L] + [M]
- [O] = [I] - [N]



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# Scenario 1 - Lost EndoWrist Repair Units

## Schedule 2.2

	2020	2021	2022	2023	2024	2025	Total
<b><u>EndoWrist instruments potentially repairable by SIS - units</u></b>							
[A] da Vinci S/Si	52,970	22,411	8,214	3,839	1,928	1,077	90,439
[A] da Vinci X/Xi	299,954	346,579	365,304	422,719	455,982	437,186	2,327,724
[A] Total	<b>352,924</b>	<b>368,990</b>	<b>373,518</b>	<b>426,558</b>	<b>457,910</b>	<b>438,263</b>	<b>2,418,163</b>
[B] Expiration rate of new sales units	60%	60%	60%	60%	60%	60%	60%
<b><u>Expired EndoWrist instrument - units</u></b>							
[C] da Vinci S/Si	31,782	13,447	4,928	2,303	1,157	646	54,263
[C] da Vinci X/Xi	179,972	207,947	219,182	253,631	273,589	262,312	1,396,633
[C] Total	<b>211,754</b>	<b>221,394</b>	<b>224,110</b>	<b>255,934</b>	<b>274,746</b>	<b>262,958</b>	<b>1,450,896</b>
[D] SIS market share rate	55%	55%	55%	55%	55%	55%	55%
<b><u>SIS market share units</u></b>							
[E] da Vinci S/Si	17,480	7,396	2,710	1,267	636	355	29,844
[E] da Vinci X/Xi	98,985	114,371	120,550	139,497	150,474	144,272	768,149
[E] Total	<b>116,465</b>	<b>121,767</b>	<b>123,260</b>	<b>140,764</b>	<b>151,110</b>	<b>144,627</b>	<b>797,993</b>
<b><u>SIS conversion factor</u></b>							
[F] da Vinci S/Si	15%	50%	70%	70%	70%	70%	
[F] da Vinci X/Xi	15%	50%	70%	70%	70%	70%	
<b><u>SIS converted units</u></b>							
[G] da Vinci S/Si	2,622	3,698	1,897	887	445	249	9,798
[G] da Vinci X/Xi	14,848	57,186	84,385	97,648	105,332	100,990	460,389
[G] Total	<b>17,470</b>	<b>60,884</b>	<b>86,282</b>	<b>98,535</b>	<b>105,777</b>	<b>101,239</b>	<b>470,187</b>
[H] Collection rate of SIS converted units	70%	70%	70%	70%	70%	70%	70%
<b><u>SIS collected units</u></b>							
[I] da Vinci S/Si	1,835	2,589	1,328	621	312	174	6,859
[I] da Vinci X/Xi	10,394	40,030	59,070	68,354	73,732	70,693	322,273
[I] Total	<b>12,229</b>	<b>42,619</b>	<b>60,398</b>	<b>68,975</b>	<b>74,044</b>	<b>70,867</b>	<b>329,132</b>
[J] Repair yield of SIS would-have-been units	72%	72%	72%	72%	72%	72%	72%
<b><u>Would-have-been Lost EndoWrist repair units</u></b>							
[K] da Vinci S/Si	1,321	1,864	956	447	225	125	4,938
[K] da Vinci X/Xi	7,484	28,822	42,530	49,215	53,087	50,899	232,037
[K] Total	<b>8,805</b>	<b>30,686</b>	<b>43,486</b>	<b>49,662</b>	<b>53,312</b>	<b>51,024</b>	<b>236,975</b>
[L] Market penetration (% of total units)	2%	8%	12%	12%	12%	12%	10%

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# Scenario 1 - Lost EndoWrist Repair Units

## Schedule 2.2

	2020	2021	2022	2023	2024	2025	Total
<b><u>Actual conversion rate</u></b>							
[M] da Vinci S/Si					15%	50%	
[M] da Vinci X/Xi					15%	50%	
<b><u>Actual EndoWrist repair units</u></b>							
[N] da Vinci S/Si					48	89	137
[N] da Vinci X/Xi					11,376	36,357	47,733
[N] Total					<b>11,424</b>	<b>36,446</b>	<b>47,870</b>
<b><u>Lost EndoWrist repair units</u></b>							
[O] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[O] da Vinci X/Xi	7,484	28,822	42,530	49,215	41,711	14,542	184,304
[O] Total	<b>8,805</b>	<b>30,686</b>	<b>43,486</b>	<b>49,662</b>	<b>41,888</b>	<b>14,578</b>	<b>189,105</b>

### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 6.0.

[B] Per Schedule 7.0.

[C] = [A] \* [B]

[D] Per <https://web.archive.org/web/20191108191050/https://www.vizientinc.com/what-we-do> as of November 8, 2019, "50% of the nation's acute care providers are Vizient members." Per <https://www.vizientinc.com/> as of November 29, 2022, Vizient has ">60% of acute care hospitals in the U.S." For purposes of my analysis, I use 55%. See discussion in my report.

[E] = [C] \* [D]

[F] Per discussion with Keith Johnson and Greg Posdal, SIS anticipated a quick ramp up in 2020, both in sales and in-house repair capabilities. According to Jean Sargent there would have been a transition timeframe conversion for this type of program. In 2020, or Year 1, 30% of Vizient's acute care providers would have reasonably converted. In 2021, or Year 2, and thereafter, 70% would have reasonably converted. I apply a 15% conversion factor in 2020, or Year 1 (i.e. mid-point between 0% January 1 and 30% December 31st). I apply a 50% conversion factor in 2021, or Year 2 (i.e., mid-point between 30% January 1 and 70% December 31st). I apply a 70% conversion factor in 2022, or Year 3, and thereafter. Per May Dep. 113-114 (November 3, 2022), if the Xi had the same security measures as the Si, Restore would have been able to repair the Xi's as of January 2020.

[G] = [E] \* [F]

[H] Per Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 604), where Intuitive targets a collection rate of 70%. See *a/so*, Intuitive-00620200 where Intuitive assumes a collection rate of 70%. See *a/so*, Morales 30(b)(6) Dep. Ex. 141 (at pdf page 1), where Intuitive targets a collection rate of 80%. Per discussion with Jean Sargent, I understand for an expensive instrument such as an EndoWrist, a 75% collection rate would be reasonable.

[I] = [G] \* [H]

[J] Deposition of Clifton Parker 43-45, 178-179 (October 25, 2022). Per Restore-00094918-00094956 at 922 (Parker Dep. Ex. 121), 215 out of 310 instruments collected in a 2-week sample that had lives on them passed Restore's inspection (i.e., were repairable). Note: Per Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 609), where Intuitive realizes a yield of 85%. See *a/so*, Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 612), where Intuitive targets a yield of 85% to 95%. Schedule 14.0 shows repair yield of SIS collectable units was approximately 88%. For purposes of my analysis, I use 72%.

# Scenario 1 - Lost EndoWrist Repair Units

## Schedule 2.2

2020	2021	2022	2023	2024	2025	Total
------	------	------	------	------	------	-------

[K] = [I] \* [J]

[L] = [K] / [A]

[M] Assuming trial is resolved in or about January 1, 2024, SIS would then begin ramping up. For the Actual EndoWrist repair units, I use the Year 1, Year 2 and Year 3 market conversion rates addressed at [F] above. Currently, I assume Year 1 is 2024 and the first year SIS will begin selling its repair program again. Per May Dep. 60 (November 3, 2022), Restore will have the technical capability to change the usage limitations of the EndoWrist X/Xi's in the third or fourth quarter of 2023. For purposes of this analysis, I assume the conversion rate for the S/Si and X/Xi would be the same starting January 1, 2024.

[N] = [E] \* [H] \* [J] \* [M]

[O] = [K] - [N]

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# Scenario 1 - Discounted Lost Profits: Distributor Model

## Schedule 3.0

	2020	2021	2022	2023	2024	2025	Total
<b><u>Lost EndoWrist repair units</u></b>							
[A] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	7,484	28,822	42,530	49,215	41,711	14,542	184,304
[C] Total	8,805	30,686	43,486	49,662	41,888	14,578	189,105
<b><u>Lost revenues</u></b>							
[A] da Vinci S/Si	\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
[B] da Vinci X/Xi	\$10,582,376	\$41,071,350	\$60,902,960	\$70,475,880	\$59,730,152	\$20,824,144	\$263,586,862
[C] Total	\$12,480,653	\$43,776,014	\$62,273,864	\$71,116,878	\$59,983,970	\$20,875,768	\$270,507,147
<b><u>Incremental costs</u></b>							
[A] da Vinci S/Si	\$1,615,583	\$2,287,128	\$1,174,924	\$549,363	\$217,533	\$44,244	\$5,888,775
[B] da Vinci X/Xi	\$9,055,640	\$34,701,688	\$51,418,770	\$59,500,935	\$50,428,599	\$17,581,278	\$222,686,910
[C] Total	\$10,671,223	\$36,988,816	\$52,593,694	\$60,050,298	\$50,646,132	\$17,625,522	\$228,575,685
<b><u>Lost profits (undiscounted)</u></b>							
[A] da Vinci S/Si	\$282,694	\$417,536	\$195,980	\$91,635	\$36,285	\$7,380	\$1,031,510
[B] da Vinci X/Xi	\$1,526,736	\$6,369,662	\$9,484,190	\$10,974,945	\$9,301,553	\$3,242,866	\$40,899,952
[C] Total	\$1,809,430	\$6,787,198	\$9,680,170	\$11,066,580	\$9,337,838	\$3,250,246	\$41,931,462
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted lost profits	<b>\$1,809,430</b>	<b>\$6,787,198</b>	<b>\$9,680,170</b>	<b>\$11,066,580</b>	<b>\$8,823,417</b>	<b>\$2,742,135</b>	<b>\$40,908,930</b>

### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 3.1.

[B] Per Schedule 3.1.

[C] = [A] + [B]

[D] For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average SIC/GICS Composite WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

[E] Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

[F] =  $(1 + [H])^{-[I]}$ , rounded to 5 decimals.

[G] = Lost profits (undiscounted) per [C] \* [F]

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# Scenario 1 - Undiscounted Lost Profits: Distributor Model

## Schedule 3.1

		2020	2021	2022	2023	2024	2025	Total
<b>da Vinci S/Si</b>								
<b>[A]</b> Lost EndoWrist repair units		1,321	1,864	956	447	177	36	4,801
Per unit								
<b>[B]</b> Average selling price		\$1,437	\$1,451	\$1,434	\$1,434	\$1,434	\$1,434	\$1,441
Incremental costs per unit								
<b>[C]</b> Repair costs (including chip costs)		\$1,037	\$1,038	\$1,043	\$1,043	\$1,043	\$1,043	\$1,039
<b>[D]</b> Vizient admin fees - % of sales	4%	\$57	\$58	\$57	\$57	\$57	\$57	\$57
<b>[E]</b> Additional SGA - % of sales	9%	\$129	\$131	\$129	\$129	\$129	\$129	\$130
<b>[F]</b> Total incremental costs		\$1,223	\$1,227	\$1,229	\$1,229	\$1,229	\$1,229	\$1,227
<b>[G]</b> Lost profits per unit		\$214	\$224	\$205	\$205	\$205	\$205	\$215
<b>[H]</b> Lost revenues		\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
Incremental costs								
<b>[I]</b> Repair costs (including chip costs)		\$1,369,877	\$1,934,832	\$997,108	\$466,221	\$184,611	\$37,548	\$4,990,197
<b>[J]</b> Vizient admin fees - 4% of sales		\$75,297	\$108,112	\$54,492	\$25,479	\$10,089	\$2,052	\$275,521
<b>[K]</b> Additional SGA - % of sales		\$170,409	\$244,184	\$123,324	\$57,663	\$22,833	\$4,644	\$623,057
<b>[L]</b> Total incremental costs		\$1,615,583	\$2,287,128	\$1,174,924	\$549,363	\$217,533	\$44,244	\$5,888,775
<b>[M]</b> Lost profits - undiscounted		<b>\$282,694</b>	<b>\$417,536</b>	<b>\$195,980</b>	<b>\$91,635</b>	<b>\$36,285</b>	<b>\$7,380</b>	<b>\$1,031,510</b>
<b>da Vinci X/Xi</b>								
<b>[A]</b> Lost EndoWrist repair units		7,484	28,822	42,530	49,215	41,711	14,542	184,304
Per unit								
<b>[B]</b> Average selling price		\$1,414	\$1,425	\$1,432	\$1,432	\$1,432	\$1,432	\$1,430
Incremental costs per unit								
<b>[C]</b> Repair costs (including chip costs)		\$1,026	\$1,019	\$1,023	\$1,023	\$1,023	\$1,023	\$1,022
<b>[D]</b> Vizient admin fees - % of sales	4%	\$57	\$57	\$57	\$57	\$57	\$57	\$57
<b>[E]</b> Additional SGA - % of sales	9%	\$127	\$128	\$129	\$129	\$129	\$129	\$129
<b>[F]</b> Total incremental costs		\$1,210	\$1,204	\$1,209	\$1,209	\$1,209	\$1,209	\$1,208
<b>[G]</b> Lost profits per unit		\$204	\$221	\$223	\$223	\$223	\$223	\$222
<b>[H]</b> Lost revenues		\$10,582,376	\$41,071,350	\$60,902,960	\$70,475,880	\$59,730,152	\$20,824,144	\$263,586,862
Incremental costs								
<b>[I]</b> Repair costs (including chip costs)		\$7,678,584	\$29,369,618	\$43,508,190	\$50,346,945	\$42,670,353	\$14,876,466	\$188,450,156
<b>[J]</b> Vizient admin fees - 4% of sales		\$426,588	\$1,642,854	\$2,424,210	\$2,805,255	\$2,377,527	\$828,894	\$10,505,328
<b>[K]</b> Additional SGA - % of sales		\$950,468	\$3,689,216	\$5,486,370	\$6,348,735	\$5,380,719	\$1,875,918	\$23,731,426
<b>[L]</b> Total incremental costs		\$9,055,640	\$34,701,688	\$51,418,770	\$59,500,935	\$50,428,599	\$17,581,278	\$222,686,910
<b>[M]</b> Lost profits - undiscounted		<b>\$1,526,736</b>	<b>\$6,369,662</b>	<b>\$9,484,190</b>	<b>\$10,974,945</b>	<b>\$9,301,553</b>	<b>\$3,242,866</b>	<b>\$40,899,952</b>

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# Scenario 1 - Undiscounted Lost Profits: Distributor Model

## Schedule 3.1

**NOTES / SOURCES:**

- Note: Any minor differences are due to rounding.
- [A] Per Schedule 2.2.
- [B] Per Schedule 8.0. For purposes of my analysis, the ASP after 2022 is the same as 2022.
- [C] Per Schedule 11.0. For purposes of my analysis, the cost per unit after 2022 is the same as 2022.
- [D] = [B] \* 4%. Per SIS169233-169280 at 238-239, SIS would have paid Vizient a GPO administrative fee of 4% of net sales. Per SIS319315, SIS would have paid Yankee a 3% administrative fee. SIS would not have paid an administrative fee for non-Vizient and non-Yankee customers. For purposes of my analysis, I assume all sales would have been subject to a 4% administrative fee, consistent with the Vizient Agreement.
- [E] = [B] \* 9% per Schedule 15.1.
- [F] = [C] + [D] + [E]
- [G] = [B] - [F]
- [H] = [A] \* [B]
- [I] = [A] \* [C]
- [J] = [A] \* [D]
- [K] = [A] \* [E]
- [L] = [I] + [J] + [K]
- [M] = [H] - [L]

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## Scenario 2 - Discounted Lost Profits: In-house Model (2 Year X/Xi Delay)

### Schedule 4.0

	2020	2021	2022	2023	2024	2025	Total
<b><u>Lost EndoWrist repair units</u></b>							
[A] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	0	0	9,114	35,153	41,711	14,542	100,520
[C] Total	1,321	1,864	10,070	35,600	41,888	14,578	105,321
<b><u>Lost revenues</u></b>							
[A] da Vinci S/Si	\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
[B] da Vinci X/Xi	\$0	\$0	\$13,051,248	\$50,339,096	\$59,730,152	\$20,824,144	\$143,944,640
[C] Total	\$1,898,277	\$2,704,664	\$14,422,152	\$50,980,094	\$59,983,970	\$20,875,768	\$150,864,925
<b><u>Incremental costs</u></b>							
[A] da Vinci S/Si	\$1,145,307	\$1,634,728	\$836,500	\$391,125	\$154,875	\$31,500	\$4,194,035
[B] da Vinci X/Xi	\$0	\$0	\$7,974,750	\$30,758,875	\$36,497,125	\$12,724,250	\$87,955,000
[C] Total	\$1,145,307	\$1,634,728	\$8,811,250	\$31,150,000	\$36,652,000	\$12,755,750	\$92,149,035
<b><u>Lost profits (undiscounted)</u></b>							
[A] da Vinci S/Si	\$752,970	\$1,069,936	\$534,404	\$249,873	\$98,943	\$20,124	\$2,726,250
[B] da Vinci X/Xi	\$0	\$0	\$5,076,498	\$19,580,221	\$23,233,027	\$8,099,894	\$55,989,640
[C] Total	\$752,970	\$1,069,936	\$5,610,902	\$19,830,094	\$23,331,970	\$8,120,018	\$58,715,890
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted lost profits	<b>\$752,970</b>	<b>\$1,069,936</b>	<b>\$5,610,902</b>	<b>\$19,830,094</b>	<b>\$22,046,612</b>	<b>\$6,850,616</b>	<b>\$56,161,130</b>

#### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 4.1.

[B] Per Schedule 4.1.

[C] = [A] + [B]

[D] For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average SIC/GICS Composite WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

[E] Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

[F] =  $(1 + [H])^{-[I]}$ , rounded to 5 decimals.

[G] = Lost profits (undiscounted) per [C] \* [F]



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## Scenario 2 - Undiscounted Lost Profits: In-house Model (2 Year X/Xi Delay)

### Schedule 4.1

		2020	2021	2022	2023	2024	2025	Total
<b>da Vinci S/Si</b>								
<b>[A]</b> Lost EndoWrist repair units		1,321	1,864	956	447	177	36	4,801
<u>Per unit</u>								
<b>[B]</b> Average selling price		\$1,437	\$1,451	\$1,434	\$1,434	\$1,434	\$1,434	\$1,441
<u>Incremental costs per unit</u>								
<b>[C]</b> Repair costs		\$148	\$155	\$156	\$156	\$156	\$156	\$153
<b>[D]</b> Chip costs		\$533	\$533	\$533	\$533	\$533	\$533	\$533
<b>[E]</b> Vizient admin fees - % of sales	4%	\$57	\$58	\$57	\$57	\$57	\$57	\$57
<b>[F]</b> Additional SGA - % of sales	9%	\$129	\$131	\$129	\$129	\$129	\$129	\$130
<b>[G]</b> Total incremental costs		\$867	\$877	\$875	\$875	\$875	\$875	\$874
<b>[H]</b> Lost profits per unit		\$570	\$574	\$559	\$559	\$559	\$559	\$568
<b>[I]</b> Lost revenues		\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
<u>Incremental costs</u>								
<b>[J]</b> Repair costs		\$195,508	\$288,920	\$149,136	\$69,732	\$27,612	\$5,616	\$736,524
<b>[K]</b> Chip costs		\$704,093	\$993,512	\$509,548	\$238,251	\$94,341	\$19,188	\$2,558,933
<b>[L]</b> Vizient admin fees - 4% of sales		\$75,297	\$108,112	\$54,492	\$25,479	\$10,089	\$2,052	\$275,521
<b>[M]</b> Additional SGA - % of sales		\$170,409	\$244,184	\$123,324	\$57,663	\$22,833	\$4,644	\$623,057
<b>[N]</b> Total incremental costs		\$1,145,307	\$1,634,728	\$836,500	\$391,125	\$154,875	\$31,500	\$4,194,035
<b>[O] Lost profits - undiscounted</b>		<b>\$752,970</b>	<b>\$1,069,936</b>	<b>\$534,404</b>	<b>\$249,873</b>	<b>\$98,943</b>	<b>\$20,124</b>	<b>\$2,726,250</b>
<b>da Vinci X/Xi</b>								
<b>[A]</b> Lost EndoWrist repair units		0	0	9,114	35,153	41,711	14,542	100,520
<u>Per unit</u>								
<b>[B]</b> Average selling price		\$1,414	\$1,425	\$1,432	\$1,432	\$1,432	\$1,432	\$1,432
<u>Incremental costs per unit</u>								
<b>[C]</b> Repair costs		\$148	\$155	\$156	\$156	\$156	\$156	\$156
<b>[D]</b> Chip costs		\$533	\$533	\$533	\$533	\$533	\$533	\$533
<b>[E]</b> Vizient admin fees - % of sales	4%	\$57	\$57	\$57	\$57	\$57	\$57	\$57
<b>[F]</b> Additional SGA - % of sales	9%	\$127	\$128	\$129	\$129	\$129	\$129	\$129
<b>[G]</b> Total incremental costs		\$865	\$873	\$875	\$875	\$875	\$875	\$875
<b>[H]</b> Lost profits per unit		\$549	\$552	\$557	\$557	\$557	\$557	\$557
<b>[I]</b> Lost revenues		\$0	\$0	\$13,051,248	\$50,339,096	\$59,730,152	\$20,824,144	\$143,944,640
<u>Incremental costs</u>								
<b>[J]</b> Repair costs		\$0	\$0	\$1,421,784	\$5,483,868	\$6,506,916	\$2,268,552	\$15,681,120
<b>[K]</b> Chip costs		\$0	\$0	\$4,857,762	\$18,736,549	\$22,231,963	\$7,750,886	\$53,577,160
<b>[L]</b> Vizient admin fees - 4% of sales		\$0	\$0	\$519,498	\$2,003,721	\$2,377,527	\$828,894	\$5,729,640
<b>[M]</b> Additional SGA - % of sales		\$0	\$0	\$1,175,706	\$4,534,737	\$5,380,719	\$1,875,918	\$12,967,080
<b>[N]</b> Total incremental costs		\$0	\$0	\$7,974,750	\$30,758,875	\$36,497,125	\$12,724,250	\$87,955,000
<b>[O] Lost profits - undiscounted</b>		<b>\$0</b>	<b>\$0</b>	<b>\$5,076,498</b>	<b>\$19,580,221</b>	<b>\$23,233,027</b>	<b>\$8,099,894</b>	<b>\$55,989,640</b>

# Scenario 2 - Undiscounted Lost Profits: In-house Model (2 Year X/Xi Delay)

## Schedule 4.1

**NOTES / SOURCES:**

- Note: Any minor differences are due to rounding.
- [A] Per Schedule 4.2.
- [B] Per Schedule 8.0. For purposes of my analysis, the ASP after 2022 is the same as 2022.
- [C] Per Schedule 9.0. For purposes of my analysis, the cost per unit after 2022 is the same as 2022.
- [D] Per Schedule 10.0.
- [E] = [B] \* 4%. Per SIS169233-169280 at 238-239, SIS would have paid Vizient a GPO administrative fee of 4% of net sales. Per SIS319315, SIS would have paid Yankee a 3% administrative fee. SIS would not have paid an administrative fee for non-Vizient and non-Yankee customers. For purposes of my analysis, I assume all sales would have been subject to a 4% administrative fee, consistent with the Vizient Agreement.
- [F] = [B] \* 9% per Schedule 15.1.
- [G] = [C] + [D] + [E] + [F]
- [H] = [B] - [G]
- [I] = [A] \* [B]
- [J] = [A] \* [C]
- [K] = [A] \* [D]
- [L] = [A] \* [E]
- [M] = [A] \* [F]
- [N] = [J] + [K] + [L] + [M]
- [O] = [I] - [N]

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# Scenario 2 - Lost EndoWrist Repair Units (2 Year X/Xi Delay)

## Schedule 4.2

	2020	2021	2022	2023	2024	2025	Total
<b><u>EndoWrist instruments potentially repairable by SIS - units</u></b>							
[A] da Vinci S/Si	52,970	22,411	8,214	3,839	1,928	1,077	90,439
[A] da Vinci X/Xi	0	0	365,304	422,719	455,982	437,186	1,681,191
[A] Total	<b>52,970</b>	<b>22,411</b>	<b>373,518</b>	<b>426,558</b>	<b>457,910</b>	<b>438,263</b>	<b>1,771,630</b>
[B] Expiration rate of new sales units	60%	60%	60%	60%	60%	60%	60%
<b><u>Expired EndoWrist instrument - units</u></b>							
[C] da Vinci S/Si	31,782	13,447	4,928	2,303	1,157	646	54,263
[C] da Vinci X/Xi	0	0	219,182	253,631	273,589	262,312	1,008,714
[C] Total	<b>31,782</b>	<b>13,447</b>	<b>224,110</b>	<b>255,934</b>	<b>274,746</b>	<b>262,958</b>	<b>1,062,977</b>
[D] SIS market share rate	55%	55%	55%	55%	55%	55%	55%
<b><u>SIS market share units</u></b>							
[E] da Vinci S/Si	17,480	7,396	2,710	1,267	636	355	29,844
[E] da Vinci X/Xi	0	0	120,550	139,497	150,474	144,272	554,793
[E] Total	<b>17,480</b>	<b>7,396</b>	<b>123,260</b>	<b>140,764</b>	<b>151,110</b>	<b>144,627</b>	<b>584,637</b>
<b><u>SIS conversion factor</u></b>							
[F] da Vinci S/Si	15%	50%	70%	70%	70%	70%	
[F] da Vinci X/Xi			15%	50%	70%	70%	
<b><u>SIS converted units</u></b>							
[G] da Vinci S/Si	2,622	3,698	1,897	887	445	249	9,798
[G] da Vinci X/Xi	0	0	18,083	69,749	105,332	100,990	294,154
[G] Total	<b>2,622</b>	<b>3,698</b>	<b>19,980</b>	<b>70,636</b>	<b>105,777</b>	<b>101,239</b>	<b>303,952</b>
[H] Collection rate of SIS market share units	70%	70%	70%	70%	70%	70%	70%
<b><u>SIS collected units</u></b>							
[I] da Vinci S/Si	1,835	2,589	1,328	621	312	174	6,859
[I] da Vinci X/Xi	0	0	12,658	48,824	73,732	70,693	205,907
[I] Total	<b>1,835</b>	<b>2,589</b>	<b>13,986</b>	<b>49,445</b>	<b>74,044</b>	<b>70,867</b>	<b>212,766</b>
[J] Repair yield of SIS would-have-been units	72%	72%	72%	72%	72%	72%	72%
<b><u>Would-have-been Lost EndoWrist repair units</u></b>							
[K] da Vinci S/Si	1,321	1,864	956	447	225	125	4,938
[K] da Vinci X/Xi	0	0	9,114	35,153	53,087	50,899	148,253
[K] Total	<b>1,321</b>	<b>1,864</b>	<b>10,070</b>	<b>35,600</b>	<b>53,312</b>	<b>51,024</b>	<b>153,191</b>
[L] Market penetration (% of total units)	2%	8%	3%	8%	12%	12%	9%

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## Scenario 2 - Lost EndoWrist Repair Units (2 Year X/Xi Delay)

### Schedule 4.2

	2020	2021	2022	2023	2024	2025	Total
<b><u>Actual conversion rate</u></b>							
[M] da Vinci S/Si					15%	50%	
[M] da Vinci X/Xi					15%	50%	
<b><u>Actual EndoWrist repair units</u></b>							
[N] da Vinci S/Si					48	89	137
[N] da Vinci X/Xi					11,376	36,357	47,733
[N] Total					<b>11,424</b>	<b>36,446</b>	<b>47,870</b>
<b><u>Lost EndoWrist repair units</u></b>							
[O] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[O] da Vinci X/Xi	0	0	9,114	35,153	41,711	14,542	100,520
[O] Total	<b>1,321</b>	<b>1,864</b>	<b>10,070</b>	<b>35,600</b>	<b>41,888</b>	<b>14,578</b>	<b>105,321</b>

#### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 6.0. Note: Per Parker Dep. 143-144 (October 25, 2022), in a but for world (a world without Intuitive's anticompetitive behaviors), Restore would have begun repairing X/Xi EndoWrists by January 2022. For purposes of my analysis, I assume X/Xi EndoWrist repairs start on January 1, 2022.

[B] Per Schedule 7.0.

[C] = [A] \* [B]

[D] Per <https://web.archive.org/web/20191108191050/https://www.vizientinc.com/what-we-do> as of November 8, 2019, "50% of the nation's acute care providers are Vizient members." Per <https://www.vizientinc.com/> as of November 29, 2022, Vizient has ">60% of acute care hospitals in the U.S." For purposes of my analysis, I use 55%. See discussion in my report.

[E] = [C] \* [D]

[F] Per discussion with Jean Sargent, I understand the conversion rate would have been at 30% at the end of year 1, 70% at the end of year 2 and 70% thereafter, recognizing SIS would not have gotten all hospitals. For purposes of my analysis, I use an average of 15% in year 1, 50% in year 2 and 70% thereafter. Also, per discussions with Greg Posdal and Keith Johnson, I understand SIS believed its ramp up period would have been one year.

[G] = [E] \* [F]

[H] Per Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 604), where Intuitive targets a collection rate of 70%. See *also*, Intuitive-00620200 where Intuitive assumes a collection rate of 70%. See *also*, Morales 30(b)(6) Dep. Ex. 141 (at pdf page 1), where Intuitive targets a collection rate of 80%. Per discussion with Jean Sargent, I understand for an expensive instrument such as an EndoWrist, a 75% collection rate would be reasonable.

[I] = [G] \* [H]

[J] Deposition of Clifton Parker 43-45, 178-179 (October 25, 2022). Per Restore-00094918-00094956 at 922 (Parker Dep. Ex. 121), 215 out of 310 instruments collected in a 2-week sample that had lives on them passed Restore's inspection (i.e., were repairable). Note: Per Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 609), where Intuitive realizes a yield of 85%. See *also*, Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 612), where Intuitive targets a yield of 85% to 95%. Schedule 14.0 shows repair yield of SIS collectable units was approximately 88%. For purposes of my analysis, I use 72%.

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# Scenario 2 - Lost EndoWrist Repair Units (2 Year X/Xi Delay)

## Schedule 4.2

2020	2021	2022	2023	2024	2025	Total
------	------	------	------	------	------	-------

[K] = [I] \* [J]

[L] = [K] / [A]

[M] Assuming trial is resolved in or about January 1, 2024, SIS would then begin ramping up. For the Actual EndoWrist repair units, I use the Year 1, Year 2 and Year 3 market conversion rates addressed at [F] above. Currently, I assume Year 1 is 2024 and the first year SIS will begin selling its repair program again. Per May Dep. 60 (November 3, 2022), Restore will have the technical capability to change the usage limitations of the EndoWrist X/Xi's in the third or fourth quarter of 2023. For purposes of this analysis, I assume the conversion rate for the S/Si and X/Xi would be the same starting January 1, 2024.

[N] = [E] \* [H] \* [J] \* [M]

[O] = [K] - [N]

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## Scenario 2 - Discounted Lost Profits: In-house Model (1 Year X/Xi Delay)

### Schedule 4.3

	2020	2021	2022	2023	2024	2025	Total
<b><u>Lost EndoWrist repair units</u></b>							
[A] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	0	8,646	30,379	49,215	41,711	14,542	144,493
[C] Total	1,321	10,510	31,335	49,662	41,888	14,578	149,294
<b><u>Lost revenues</u></b>							
[A] da Vinci S/Si	\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
[B] da Vinci X/Xi	\$0	\$12,320,550	\$43,502,728	\$70,475,880	\$59,730,152	\$20,824,144	\$206,853,454
[C] Total	\$1,898,277	\$15,025,214	\$44,873,632	\$71,116,878	\$59,983,970	\$20,875,768	\$213,773,739
<b><u>Incremental costs</u></b>							
[A] da Vinci S/Si	\$1,145,307	\$1,634,728	\$836,500	\$391,125	\$154,875	\$31,500	\$4,194,035
[B] da Vinci X/Xi	\$0	\$7,547,958	\$26,581,625	\$43,063,125	\$36,497,125	\$12,724,250	\$126,414,083
[C] Total	\$1,145,307	\$9,182,686	\$27,418,125	\$43,454,250	\$36,652,000	\$12,755,750	\$130,608,118
<b><u>Lost profits (undiscounted)</u></b>							
[A] da Vinci S/Si	\$752,970	\$1,069,936	\$534,404	\$249,873	\$98,943	\$20,124	\$2,726,250
[B] da Vinci X/Xi	\$0	\$4,772,592	\$16,921,103	\$27,412,755	\$23,233,027	\$8,099,894	\$80,439,371
[C] Total	\$752,970	\$5,842,528	\$17,455,507	\$27,662,628	\$23,331,970	\$8,120,018	\$83,165,621
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted lost profits	<b>\$752,970</b>	<b>\$5,842,528</b>	<b>\$17,455,507</b>	<b>\$27,662,628</b>	<b>\$22,046,612</b>	<b>\$6,850,616</b>	<b>\$80,610,861</b>

#### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 4.4.

[B] Per Schedule 4.4.

[C] = [A] + [B]

[D] For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

[E] Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

[F] =  $(1 + [H])^{-[I]}$ , rounded to 5 decimals.

[G] = Lost profits (undiscounted) per [C] \* [F]



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## Scenario 2 - Undiscounted Lost Profits: In-house Model (1 Year X/Xi Delay)

### Schedule 4.4

		2020	2021	2022	2023	2024	2025	Total
<b>da Vinci S/Si</b>								
<b>[A]</b> Lost EndoWrist repair units		1,321	1,864	956	447	177	36	4,801
Per unit								
<b>[B]</b> Average selling price		\$1,437	\$1,451	\$1,434	\$1,434	\$1,434	\$1,434	\$1,441
Incremental costs per unit								
<b>[C]</b> Repair costs		\$148	\$155	\$156	\$156	\$156	\$156	\$153
<b>[D]</b> Chip costs		\$533	\$533	\$533	\$533	\$533	\$533	\$533
<b>[E]</b> Vizient admin fees - % of sales	4%	\$57	\$58	\$57	\$57	\$57	\$57	\$57
<b>[F]</b> Additional SGA - % of sales	9%	\$129	\$131	\$129	\$129	\$129	\$129	\$130
<b>[G]</b> Total incremental costs		\$867	\$877	\$875	\$875	\$875	\$875	\$874
<b>[H]</b> Lost profits per unit		\$570	\$574	\$559	\$559	\$559	\$559	\$568
<b>[I]</b> Lost revenues		\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
Incremental costs								
<b>[J]</b> Repair costs		\$195,508	\$288,920	\$149,136	\$69,732	\$27,612	\$5,616	\$736,524
<b>[K]</b> Chip costs		\$704,093	\$993,512	\$509,548	\$238,251	\$94,341	\$19,188	\$2,558,933
<b>[L]</b> Vizient admin fees - 4% of sales		\$75,297	\$108,112	\$54,492	\$25,479	\$10,089	\$2,052	\$275,521
<b>[M]</b> Additional SGA - % of sales		\$170,409	\$244,184	\$123,324	\$57,663	\$22,833	\$4,644	\$623,057
<b>[N]</b> Total incremental costs		\$1,145,307	\$1,634,728	\$836,500	\$391,125	\$154,875	\$31,500	\$4,194,035
<b>[O] Lost profits - undiscounted</b>		<b>\$752,970</b>	<b>\$1,069,936</b>	<b>\$534,404</b>	<b>\$249,873</b>	<b>\$98,943</b>	<b>\$20,124</b>	<b>\$2,726,250</b>
<b>da Vinci X/Xi</b>								
<b>[A]</b> Lost EndoWrist repair units		0	8,646	30,379	49,215	41,711	14,542	144,493
Per unit								
<b>[B]</b> Average selling price		\$1,414	\$1,425	\$1,432	\$1,432	\$1,432	\$1,432	\$1,432
Incremental costs per unit								
<b>[C]</b> Repair costs		\$148	\$155	\$156	\$156	\$156	\$156	\$156
<b>[D]</b> Chip costs		\$533	\$533	\$533	\$533	\$533	\$533	\$533
<b>[E]</b> Vizient admin fees - % of sales	4%	\$57	\$57	\$57	\$57	\$57	\$57	\$57
<b>[F]</b> Additional SGA - % of sales	9%	\$127	\$128	\$129	\$129	\$129	\$129	\$129
<b>[G]</b> Total incremental costs		\$865	\$873	\$875	\$875	\$875	\$875	\$875
<b>[H]</b> Lost profits per unit		\$549	\$552	\$557	\$557	\$557	\$557	\$557
<b>[I]</b> Lost revenues		\$0	\$12,320,550	\$43,502,728	\$70,475,880	\$59,730,152	\$20,824,144	\$206,853,454
Incremental costs								
<b>[J]</b> Repair costs		\$0	\$1,340,130	\$4,739,124	\$7,677,540	\$6,506,916	\$2,268,552	\$22,532,262
<b>[K]</b> Chip costs		\$0	\$4,608,318	\$16,192,007	\$26,231,595	\$22,231,963	\$7,750,886	\$77,014,769
<b>[L]</b> Vizient admin fees - 4% of sales		\$0	\$492,822	\$1,731,603	\$2,805,255	\$2,377,527	\$828,894	\$8,236,101
<b>[M]</b> Additional SGA - % of sales		\$0	\$1,106,688	\$3,918,891	\$6,348,735	\$5,380,719	\$1,875,918	\$18,630,951
<b>[N]</b> Total incremental costs		\$0	\$7,547,958	\$26,581,625	\$43,063,125	\$36,497,125	\$12,724,250	\$126,414,083
<b>[O] Lost profits - undiscounted</b>		<b>\$0</b>	<b>\$4,772,592</b>	<b>\$16,921,103</b>	<b>\$27,412,755</b>	<b>\$23,233,027</b>	<b>\$8,099,894</b>	<b>\$80,439,371</b>



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# Scenario 2 - Undiscounted Lost Profits: In-house Model (1 Year X/Xi Delay)

## Schedule 4.4

**NOTES / SOURCES:**

- Note: Any minor differences are due to rounding.
- [A] Per Schedule 4.2.
- [B] Per Schedule 8.0. For purposes of my analysis, the ASP after 2022 is the same as 2022.
- [C] Per Schedule 9.0. For purposes of my analysis, the cost per unit after 2022 is the same as 2022.
- [D] Per Schedule 10.0.
- [E] = [B] \* 4%. Per SIS169233-169280 at 238-239, SIS would have paid Vizient a GPO administrative fee of 4% of net sales. Per SIS319315, SIS would have paid Yankee a 3% administrative fee. SIS would not have paid an administrative fee for non-Vizient and non-Yankee customers. For purposes of my analysis, I assume all sales would have been subject to a 4% administrative fee, consistent with the Vizient Agreement.
- [F] = [B] \* 9% per Schedule 15.1.
- [G] = [C] + [D] + [E] + [F]
- [H] = [B] - [G]
- [I] = [A] \* [B]
- [J] = [A] \* [C]
- [K] = [A] \* [D]
- [L] = [A] \* [E]
- [M] = [A] \* [F]
- [N] = [J] + [K] + [L] + [M]
- [O] = [I] - [N]

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# Scenario 2 - Lost EndoWrist Repair Units (1 Year X/Xi Delay)

## Schedule 4.5

	2020	2021	2022	2023	2024	2025	Total
<b><u>EndoWrist instruments potentially repairable by SIS - units</u></b>							
[A] da Vinci S/Si	52,970	22,411	8,214	3,839	1,928	1,077	90,439
[A] da Vinci X/Xi	0	346,579	365,304	422,719	455,982	437,186	2,027,770
[A] <b>Total</b>	<b>52,970</b>	<b>368,990</b>	<b>373,518</b>	<b>426,558</b>	<b>457,910</b>	<b>438,263</b>	<b>2,118,209</b>
[B] Expiration rate of new sales units	60%	60%	60%	60%	60%	60%	60%
<b><u>Expired EndoWrist instrument - units</u></b>							
[C] da Vinci S/Si	31,782	13,447	4,928	2,303	1,157	646	54,263
[C] da Vinci X/Xi	0	207,947	219,182	253,631	273,589	262,312	1,216,661
[C] <b>Total</b>	<b>31,782</b>	<b>221,394</b>	<b>224,110</b>	<b>255,934</b>	<b>274,746</b>	<b>262,958</b>	<b>1,270,924</b>
[D] SIS market share rate	55%	55%	55%	55%	55%	55%	55%
<b><u>SIS market share units</u></b>							
[E] da Vinci S/Si	17,480	7,396	2,710	1,267	636	355	29,844
[E] da Vinci X/Xi	0	114,371	120,550	139,497	150,474	144,272	669,164
[E] <b>Total</b>	<b>17,480</b>	<b>121,767</b>	<b>123,260</b>	<b>140,764</b>	<b>151,110</b>	<b>144,627</b>	<b>699,008</b>
<b><u>SIS conversion factor</u></b>							
[F] da Vinci S/Si	15%	50%	70%	70%	70%	70%	
[F] da Vinci X/Xi		15%	50%	70%	70%	70%	
<b><u>SIS converted units</u></b>							
[G] da Vinci S/Si	2,622	3,698	1,897	887	445	249	9,798
[G] da Vinci X/Xi	0	17,156	60,275	97,648	105,332	100,990	381,401
[G] <b>Total</b>	<b>2,622</b>	<b>20,854</b>	<b>62,172</b>	<b>98,535</b>	<b>105,777</b>	<b>101,239</b>	<b>391,199</b>
[H] Collection rate of SIS market share units	70%	70%	70%	70%	70%	70%	70%
<b><u>SIS collected units</u></b>							
[I] da Vinci S/Si	1,835	2,589	1,328	621	312	174	6,859
[I] da Vinci X/Xi	0	12,009	42,193	68,354	73,732	70,693	266,981
[I] <b>Total</b>	<b>1,835</b>	<b>14,598</b>	<b>43,521</b>	<b>68,975</b>	<b>74,044</b>	<b>70,867</b>	<b>273,840</b>
[J] Repair yield of SIS would-have-been units	72%	72%	72%	72%	72%	72%	72%
<b><u>Would-have-been Lost EndoWrist repair units</u></b>							
[K] da Vinci S/Si	1,321	1,864	956	447	225	125	4,938
[K] da Vinci X/Xi	0	8,646	30,379	49,215	53,087	50,899	192,226
[K] <b>Total</b>	<b>1,321</b>	<b>10,510</b>	<b>31,335</b>	<b>49,662</b>	<b>53,312</b>	<b>51,024</b>	<b>197,164</b>
[L] Market penetration (% of total units)	2%	3%	8%	12%	12%	12%	9%

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## Scenario 2 - Lost EndoWrist Repair Units (1 Year X/Xi Delay)

### Schedule 4.5

	2020	2021	2022	2023	2024	2025	Total
<b><u>Actual conversion rate</u></b>							
[M] da Vinci S/Si					15%	50%	
[M] da Vinci X/Xi					15%	50%	
<b><u>Actual EndoWrist repair units</u></b>							
[N] da Vinci S/Si					48	89	137
[N] da Vinci X/Xi					11,376	36,357	47,733
[N] Total					<b>11,424</b>	<b>36,446</b>	<b>47,870</b>
<b><u>Lost EndoWrist repair units</u></b>							
[O] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[O] da Vinci X/Xi	0	8,646	30,379	49,215	41,711	14,542	144,493
[O] Total	<b>1,321</b>	<b>10,510</b>	<b>31,335</b>	<b>49,662</b>	<b>41,888</b>	<b>14,578</b>	<b>149,294</b>

#### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 6.0. Note: Marcus Engineering proposed a statement of work to Restore in late June 2019 for circumventing the X/Xi encryption and resetting the X/Xi EndoWrist use counter. I understand Marcus Engineering's efforts "have been successful in many of the aspects" of "reverse engineering on the Xi[.]" Based on progress as of November 2022, Restore anticipates that it will have the technical ability to reset the X/Xi EndoWrist use counter in "the third and fourth quarter, 2023." See May Dep. 40 and 60-61 (November 3, 2022) and May Dep. Exhibit 155. For purposes of my analysis, I assume X/Xi EndoWrist repairs start on January 1, 2021.

[B] Per Schedule 7.0.

[C] = [A] \* [B]

[D] Per <https://web.archive.org/web/20191108191050/https://www.vizientinc.com/what-we-do> as of November 8, 2019, "50% of the nation's acute care providers are Vizient members." Per <https://www.vizientinc.com/> as of November 29, 2022, Vizient has ">60% of acute care hospitals in the U.S." For purposes of my analysis, I use 55%. See discussion in my report.

[E] = [C] \* [D]

[F] Per discussion with Jean Sargent, I understand the conversion rate would have been at 30% at the end of year 1, 70% at the end of year 2 and 70% thereafter, recognizing SIS would not have gotten all hospitals. For purposes of my analysis, I use an average of 15% in year 1, 50% in year 2 and 70% thereafter. Also, per discussions with Greg Posdal and Keith Johnson, I understand SIS believed its ramp up period would have been one year.

[G] = [E] \* [F]

[H] Per Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 604), where Intuitive targets a collection rate of 70%. See *a/so*, Intuitive-00620200 where Intuitive assumes a collection rate of 70%. See *a/so*, Morales 30(b)(6) Dep. Ex. 141 (at pdf page 1), where Intuitive targets a collection rate of 80%. Per discussion with Jean Sargent, I understand for an expensive instrument such as an EndoWrist, a 75% collection rate would be reasonable.

[I] = [G] \* [H]

# Scenario 2 - Lost EndoWrist Repair Units (1 Year X/Xi Delay)

## Schedule 4.5

2020	2021	2022	2023	2024	2025	Total
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[J] Deposition of Clifton Parker 43-45, 178-179 (October 25, 2022). Per Restore-00094918-00094956 at 922 (Parker Dep. Ex. 121), 215 out of 310 instruments collected in a 2-week sample that had lives on them passed Restore’s inspection (i.e., were repairable). Note: Per Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 609), where Intuitive realizes a yield of 85%. See *a/so*, Morales 30(b)(6) Dep. Ex. 143 (Intuitive-00626597-626616 at 612), where Intuitive targets a yield of 85% to 95%. Schedule 14.0 shows repair yield of SIS collectable units was approximately 88%. For purposes of my analysis, I use 72%.

[K] = [I] \* [J]

[L] = [K] / [A]

[M] Assuming trial is resolved in or about January 1, 2024, SIS would then begin ramping up. For the Actual EndoWrist repair units, I use the Year 1, Year 2 and Year 3 market conversion rates addressed at [F] above. Currently, I assume Year 1 is 2024 and the first year SIS will begin selling its repair program again. Per May Dep. 60 (November 3, 2022), Restore will have the technical capability to change the usage limitations of the EndoWrist X/Xi's in the third or fourth quarter of 2023. For purposes of this analysis, I assume the conversion rate for the S/Si and X/Xi would be the same starting January 1, 2024.

[N] = [E] \* [H] \* [J] \* [M]

[O] = [K] - [N]

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## Scenario 2 - Discounted Lost Profits: Distributor Model (2 Year X/Xi Delay)

### Schedule 5.0

	2020	2021	2022	2023	2024	2025	Total
<b><u>Lost EndoWrist repair units</u></b>							
[A] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	0	0	9,114	35,153	41,711	14,542	100,520
[C] Total	1,321	1,864	10,070	35,600	41,888	14,578	105,321
<b><u>Lost revenues</u></b>							
[A] da Vinci S/Si	\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
[B] da Vinci X/Xi	\$0	\$0	\$13,051,248	\$50,339,096	\$59,730,152	\$20,824,144	\$143,944,640
[C] Total	\$1,898,277	\$2,704,664	\$14,422,152	\$50,980,094	\$59,983,970	\$20,875,768	\$150,864,925
<b><u>Incremental costs</u></b>							
[A] da Vinci S/Si	\$1,615,583	\$2,287,128	\$1,174,924	\$549,363	\$217,533	\$44,244	\$5,888,775
[B] da Vinci X/Xi	\$0	\$0	\$11,018,826	\$42,499,977	\$50,428,599	\$17,581,278	\$121,528,680
[C] Total	\$1,615,583	\$2,287,128	\$12,193,750	\$43,049,340	\$50,646,132	\$17,625,522	\$127,417,455
<b><u>Lost profits (undiscounted)</u></b>							
[A] da Vinci S/Si	\$282,694	\$417,536	\$195,980	\$91,635	\$36,285	\$7,380	\$1,031,510
[B] da Vinci X/Xi	\$0	\$0	\$2,032,422	\$7,839,119	\$9,301,553	\$3,242,866	\$22,415,960
[C] Total	\$282,694	\$417,536	\$2,228,402	\$7,930,754	\$9,337,838	\$3,250,246	\$23,447,470
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted lost profits	<b>\$282,694</b>	<b>\$417,536</b>	<b>\$2,228,402</b>	<b>\$7,930,754</b>	<b>\$8,823,417</b>	<b>\$2,742,135</b>	<b>\$22,424,938</b>

#### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 5.1.

[B] Per Schedule 5.1.

[C] = [A] + [B]

[D] For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average SIC/GICS Composite WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

[E] Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

[F] =  $(1 + [H])^{-[I]}$ , rounded to 5 decimals.

[G] = Lost profits (undiscounted) per [C] \* [F]

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## Scenario 2 - Undiscounted Lost Profits: Distributor Model (2 Year X/Xi Delay)

### Schedule 5.1

		2020	2021	2022	2023	2024	2025	Total
<b>da Vinci S/Si</b>								
<b>[A]</b> Lost EndoWrist repair units		1,321	1,864	956	447	177	36	4,801
<u>Per unit</u>								
<b>[B]</b> Average selling price		\$1,437	\$1,451	\$1,434	\$1,434	\$1,434	\$1,434	\$1,441
<u>Incremental costs per unit</u>								
<b>[C]</b> Repair costs (including chip costs)		\$1,037	\$1,038	\$1,043	\$1,043	\$1,043	\$1,043	\$1,039
<b>[D]</b> Vizient admin fees - % of sales	4%	\$57	\$58	\$57	\$57	\$57	\$57	\$57
<b>[E]</b> Additional SGA - % of sales	9%	\$129	\$131	\$129	\$129	\$129	\$129	\$130
<b>[F]</b> Total incremental costs		\$1,223	\$1,227	\$1,229	\$1,229	\$1,229	\$1,229	\$1,227
<b>[G]</b> Lost profits per unit		\$214	\$224	\$205	\$205	\$205	\$205	\$215
<b>[H]</b> Lost revenues		\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
<u>Incremental costs</u>								
<b>[I]</b> Repair costs (including chip costs)		\$1,369,877	\$1,934,832	\$997,108	\$466,221	\$184,611	\$37,548	\$4,990,197
<b>[J]</b> Vizient admin fees - 4% of sales		\$75,297	\$108,112	\$54,492	\$25,479	\$10,089	\$2,052	\$275,521
<b>[K]</b> Additional SGA - % of sales		\$170,409	\$244,184	\$123,324	\$57,663	\$22,833	\$4,644	\$623,057
<b>[L]</b> Total incremental costs		\$1,615,583	\$2,287,128	\$1,174,924	\$549,363	\$217,533	\$44,244	\$5,888,775
<b>[M] Lost profits - undiscounted</b>		<b>\$282,694</b>	<b>\$417,536</b>	<b>\$195,980</b>	<b>\$91,635</b>	<b>\$36,285</b>	<b>\$7,380</b>	<b>\$1,031,510</b>
<b>da Vinci X/Xi</b>								
<b>[A]</b> Lost EndoWrist repair units		0	0	9,114	35,153	41,711	14,542	100,520
<u>Per unit</u>								
<b>[B]</b> Average selling price		\$1,414	\$1,425	\$1,432	\$1,432	\$1,432	\$1,432	\$1,432
<u>Incremental costs per unit</u>								
<b>[C]</b> Repair costs (including chip costs)		\$1,026	\$1,019	\$1,023	\$1,023	\$1,023	\$1,023	\$1,023
<b>[D]</b> Vizient admin fees - % of sales	4%	\$57	\$57	\$57	\$57	\$57	\$57	\$57
<b>[E]</b> Additional SGA - % of sales	9%	\$127	\$128	\$129	\$129	\$129	\$129	\$129
<b>[F]</b> Total incremental costs		\$1,210	\$1,204	\$1,209	\$1,209	\$1,209	\$1,209	\$1,209
<b>[G]</b> Lost profits per unit		\$204	\$221	\$223	\$223	\$223	\$223	\$223
<b>[H]</b> Lost revenues		\$0	\$0	\$13,051,248	\$50,339,096	\$59,730,152	\$20,824,144	\$143,944,640
<u>Incremental costs</u>								
<b>[I]</b> Repair costs (including chip costs)		\$0	\$0	\$9,323,622	\$35,961,519	\$42,670,353	\$14,876,466	\$102,831,960
<b>[J]</b> Vizient admin fees - 4% of sales		\$0	\$0	\$519,498	\$2,003,721	\$2,377,527	\$828,894	\$5,729,640
<b>[K]</b> Additional SGA - % of sales		\$0	\$0	\$1,175,706	\$4,534,737	\$5,380,719	\$1,875,918	\$12,967,080
<b>[L]</b> Total incremental costs		\$0	\$0	\$11,018,826	\$42,499,977	\$50,428,599	\$17,581,278	\$121,528,680
<b>[M] Lost profits - undiscounted</b>		<b>\$0</b>	<b>\$0</b>	<b>\$2,032,422</b>	<b>\$7,839,119</b>	<b>\$9,301,553</b>	<b>\$3,242,866</b>	<b>\$22,415,960</b>

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## Scenario 2 - Undiscounted Lost Profits: Distributor Model (2 Year X/Xi Delay)

### Schedule 5.1

#### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Per Schedule 4.2.

[B] Per Schedule 8.0. For purposes of my analysis, the ASP after 2022 is the same as 2022.

[C] Per Schedule 11.0. For purposes of my analysis, the cost per unit after 2022 is the same as 2022.

[D] = [B] \* 4%. Per SIS169233-169280 at 238-239, SIS would have paid Vizient a GPO administrative fee of 4% of net sales. Per SIS319315, SIS would have paid Yankee a 3% administrative fee. SIS would not have paid an administrative fee for non-Vizient and non-Yankee customers. For purposes of my analysis, I assume all sales would have been subject to a 4% administrative fee, consistent with the Vizient Agreement.

[E] = [B] \* 9% per Schedule 15.1.

[F] = [C] + [D] + [E]

[G] = [B] - [F]

[H] = [A] \* [B]

[I] = [A] \* [C]

[J] = [A] \* [D]

[K] = [A] \* [E]

[L] = [I] + [J] + [K]

[M] = [H] - [L]



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## Scenario 2 - Discounted Lost Profits: Distributor Model (1 Year X/Xi Delay)

### Schedule 5.2

	2020	2021	2022	2023	2024	2025	Total
<b><u>Lost EndoWrist repair units</u></b>							
[A] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	0	8,646	30,379	49,215	41,711	14,542	144,493
[C] Total	1,321	10,510	31,335	49,662	41,888	14,578	149,294
<b><u>Lost revenues</u></b>							
[A] da Vinci S/Si	\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
[B] da Vinci X/Xi	\$0	\$12,320,550	\$43,502,728	\$70,475,880	\$59,730,152	\$20,824,144	\$206,853,454
[C] Total	\$1,898,277	\$15,025,214	\$44,873,632	\$71,116,878	\$59,983,970	\$20,875,768	\$213,773,739
<b><u>Incremental costs</u></b>							
[A] da Vinci S/Si	\$1,615,583	\$2,287,128	\$1,174,924	\$549,363	\$217,533	\$44,244	\$5,888,775
[B] da Vinci X/Xi	\$0	\$10,409,784	\$36,728,211	\$59,500,935	\$50,428,599	\$17,581,278	\$174,648,807
[C] Total	\$1,615,583	\$12,696,912	\$37,903,135	\$60,050,298	\$50,646,132	\$17,625,522	\$180,537,582
<b><u>Lost profits (undiscounted)</u></b>							
[A] da Vinci S/Si	\$282,694	\$417,536	\$195,980	\$91,635	\$36,285	\$7,380	\$1,031,510
[B] da Vinci X/Xi	\$0	\$1,910,766	\$6,774,517	\$10,974,945	\$9,301,553	\$3,242,866	\$32,204,647
[C] Total	\$282,694	\$2,328,302	\$6,970,497	\$11,066,580	\$9,337,838	\$3,250,246	\$33,236,157
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted lost profits	<b>\$282,694</b>	<b>\$2,328,302</b>	<b>\$6,970,497</b>	<b>\$11,066,580</b>	<b>\$8,823,417</b>	<b>\$2,742,135</b>	<b>\$32,213,625</b>

#### **NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per Schedule 5.3.

[B] Per Schedule 5.3.

[C] = [A] + [B]

[D] For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

[E] Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

[F] =  $(1 + [H])^{-[I]}$ , rounded to 5 decimals.

[G] = Lost profits (undiscounted) per [C] \* [F]

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## Scenario 2 - Undiscounted Lost Profits: Distributor Model (1 Year X/Xi Delay)

### Schedule 5.3

		2020	2021	2022	2023	2024	2025	Total
<b>da Vinci S/Si</b>								
<b>[A]</b> Lost EndoWrist repair units		1,321	1,864	956	447	177	36	4,801
<u>Per unit</u>								
<b>[B]</b> Average selling price		\$1,437	\$1,451	\$1,434	\$1,434	\$1,434	\$1,434	\$1,441
<u>Incremental costs per unit</u>								
<b>[C]</b> Repair costs (including chip costs)		\$1,037	\$1,038	\$1,043	\$1,043	\$1,043	\$1,043	\$1,039
<b>[D]</b> Vizient admin fees - % of sales	4%	\$57	\$58	\$57	\$57	\$57	\$57	\$57
<b>[E]</b> Additional SGA - % of sales	9%	\$129	\$131	\$129	\$129	\$129	\$129	\$130
<b>[F]</b> Total incremental costs		\$1,223	\$1,227	\$1,229	\$1,229	\$1,229	\$1,229	\$1,227
<b>[G]</b> Lost profits per unit		\$214	\$224	\$205	\$205	\$205	\$205	\$215
<b>[H]</b> Lost revenues		\$1,898,277	\$2,704,664	\$1,370,904	\$640,998	\$253,818	\$51,624	\$6,920,285
<u>Incremental costs</u>								
<b>[I]</b> Repair costs (including chip costs)		\$1,369,877	\$1,934,832	\$997,108	\$466,221	\$184,611	\$37,548	\$4,990,197
<b>[J]</b> Vizient admin fees - 4% of sales		\$75,297	\$108,112	\$54,492	\$25,479	\$10,089	\$2,052	\$275,521
<b>[K]</b> Additional SGA - % of sales		\$170,409	\$244,184	\$123,324	\$57,663	\$22,833	\$4,644	\$623,057
<b>[L]</b> Total incremental costs		\$1,615,583	\$2,287,128	\$1,174,924	\$549,363	\$217,533	\$44,244	\$5,888,775
<b>[M]</b> Lost profits - undiscounted		<b>\$282,694</b>	<b>\$417,536</b>	<b>\$195,980</b>	<b>\$91,635</b>	<b>\$36,285</b>	<b>\$7,380</b>	<b>\$1,031,510</b>
<b>da Vinci X/Xi</b>								
<b>[A]</b> Lost EndoWrist repair units		0	8,646	30,379	49,215	41,711	14,542	144,493
<u>Per unit</u>								
<b>[B]</b> Average selling price		\$1,414	\$1,425	\$1,432	\$1,432	\$1,432	\$1,432	\$1,432
<u>Incremental costs per unit</u>								
<b>[C]</b> Repair costs (including chip costs)		\$1,026	\$1,019	\$1,023	\$1,023	\$1,023	\$1,023	\$1,023
<b>[D]</b> Vizient admin fees - % of sales	4%	\$57	\$57	\$57	\$57	\$57	\$57	\$57
<b>[E]</b> Additional SGA - % of sales	9%	\$127	\$128	\$129	\$129	\$129	\$129	\$129
<b>[F]</b> Total incremental costs		\$1,210	\$1,204	\$1,209	\$1,209	\$1,209	\$1,209	\$1,209
<b>[G]</b> Lost profits per unit		\$204	\$221	\$223	\$223	\$223	\$223	\$223
<b>[H]</b> Lost revenues		\$0	\$12,320,550	\$43,502,728	\$70,475,880	\$59,730,152	\$20,824,144	\$206,853,454
<u>Incremental costs</u>								
<b>[I]</b> Repair costs (including chip costs)		\$0	\$8,810,274	\$31,077,717	\$50,346,945	\$42,670,353	\$14,876,466	\$147,781,755
<b>[J]</b> Vizient admin fees - 4% of sales		\$0	\$492,822	\$1,731,603	\$2,805,255	\$2,377,527	\$828,894	\$8,236,101
<b>[K]</b> Additional SGA - % of sales		\$0	\$1,106,688	\$3,918,891	\$6,348,735	\$5,380,719	\$1,875,918	\$18,630,951
<b>[L]</b> Total incremental costs		\$0	\$10,409,784	\$36,728,211	\$59,500,935	\$50,428,599	\$17,581,278	\$174,648,807
<b>[M]</b> Lost profits - undiscounted		<b>\$0</b>	<b>\$1,910,766</b>	<b>\$6,774,517</b>	<b>\$10,974,945</b>	<b>\$9,301,553</b>	<b>\$3,242,866</b>	<b>\$32,204,647</b>

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## Scenario 2 - Undiscounted Lost Profits: Distributor Model (1 Year X/Xi Delay)

### Schedule 5.3

#### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Per Schedule 4.5.

[B] Per Schedule 8.0. For purposes of my analysis, the ASP after 2022 is the same as 2022.

[C] Per Schedule 11.0. For purposes of my analysis, the cost per unit after 2022 is the same as 2022.

[D] = [B] \* 4%. Per SIS169233-169280 at 238-239, SIS would have paid Vizient a GPO administrative fee of 4% of net sales. Per SIS319315, SIS would have paid Yankee a 3% administrative fee. SIS would not have paid an administrative fee for non-Vizient and non-Yankee customers. For purposes of my analysis, I assume all sales would have been subject to a 4% administrative fee, consistent with the Vizient Agreement.

[E] = [B] \* 9% per Schedule 15.1.

[F] = [C] + [D] + [E]

[G] = [B] - [F]

[H] = [A] \* [B]

[I] = [A] \* [C]

[J] = [A] \* [D]

[K] = [A] \* [E]

[L] = [I] + [J] + [K]

[M] = [H] - [L]

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Intuitive's U.S. EndoWrist Instrument Units - Actual and Forecasted: 2014 - 2025

Schedule 6.0

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020-2021 decline
<b>Actual EndoWrist instrument units</b>													
[A] da Vinci S/Si													
[A] da Vinci X/Xi													
[A] da Vinci Xi 2.0/Xi R													
[A] Total													
<b>% share of units by system</b>													
[B] da Vinci S/Si	95.0%	81.4%	70.0%	57.2%	43.2%	28.2%	15.0%	6.1%	2.2%				
[B] da Vinci X/Xi	5.0%	18.6%	30.0%	42.8%	56.8%	71.8%	85.0%	93.9%	97.8%				
[B] da Vinci Xi 2.0/Xi R	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				
[B] Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				
<b>Projected % of units by system</b>													
[C] da Vinci S/Si										0.9%	0.4%	0.2%	
[C] da Vinci X/Xi										99.1%	94.6%	81.2%	
[C] da Vinci Xi 2.0/Xi R										0.0%	5.0%	18.6%	
										100.0%	100.0%	100.0%	
[D] Expected growth in procedures													
<b>Forecasted EndoWrist instrument units</b>													
[E] da Vinci S/Si										3,839	1,928	1,077	
[E] da Vinci X/Xi										422,719	455,982	437,186	
[E] da Vinci Xi 2.0/Xi R										0	24,101	100,144	
[E] Total										426,558	482,011	538,406	
<b>Actual &amp; forecasted EndoWrist instrument units</b>													
[F] da Vinci S/Si										3,839	1,928	1,077	
[F] da Vinci X/Xi										422,719	455,982	437,186	
[F] da Vinci Xi 2.0/Xi R										0	24,101	100,144	
[F] Total										426,558	482,011	538,406	
[F] Sub-total S/Si and X/Xi										426,558	457,910	438,263	

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# Intuitive's U.S. EndoWrist Instrument Units - Actual and Forecasted: 2014 - 2025

## Schedule 6.0

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[A]** Per Schedule 13.0. Note: Actual unit sales per Schedule 13.0 are through June 2022. 2022 unit sales shown herein are annualized.

**[B]** Calculated based on the amounts herein.

**[C]** Units sales of da Vinci S/Si are projected to decline in the future at the same rate that sales declined (57.7%) between 2020 and 2021.

I understand the next generation da Vinci system could be introduced as some time in 2024 (See Somayaji Dep. 128-130). For purposes of this analysis, I assume the start of 2024. The share of sales of instruments for that next-generation system (da Vinci Xi 2.0/Xi R) are projected using the same penetration rates experienced by da Vinci X/Xi when it was introduced in 2014 (i.e., 5.0% in first year, 18.6% in second year, and so on), which is conservative given the next generation system (da Vinci Xi 2.0/Xi R) will face more legacy da Vinci systems when it is introduced.

Unit sales of da Vinci X/Xi is projected as 100% less the projected shares of da Vinci X/Xi and the next generation system.

**[D]** Per Intuitive forecasted annual growth rates for da Vinci surgical procedures in the United States. See Intuitive-01261766.

**[E]** Total forecast instrument sales calculated each year by applying growth rate **[D]** to total sales during prior year. Sales are allocated by system using shares from **[C]**.

**[F]** Calculated based on the amounts herein.

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# Estimated EndoWrist Expiration Rates: 2018 - 2021

## Schedule 7.0

	2018	2019	2020	2021	Total	<sup>[1]</sup> Sub-total 2018 - 2019
<b>[A] Projected X/Xi annual expired EndoWrist units (for "Top 5" instruments)</b>	<b>73,129</b>	<b>100,376</b>	<b>129,298</b>	<b>157,537</b>	<b>460,340</b>	<b>173,505</b>
<b>Actual EndoWrist sales units for "Top 5" X/Xi instruments</b>						
<b>[B] 470006 / 471006 (Large Needle Driver)</b>	22,103	29,534	31,548	30,447	113,632	51,637
<b>[B] 470179 (Hot Shears (Monopolar Curved Scissors))</b>	40,602	56,056	66,281	92,091	255,030	96,658
<b>[B] 470205 / 471205 (Fenestrated Bipolar Forceps)</b>	27,400	37,186	41,596	43,976	150,158	64,586
<b>[B] 470093 / 471093 (ProGrasp Forceps)</b>	20,431	29,629	33,746	30,716	114,522	50,060
<b>[B] 470172 / 471172 (Maryland Bipolar Forceps)</b>	10,904	14,261	15,467	16,649	57,281	25,165
<b>[B] Actual EndoWrist sales units for "Top 5" X/Xi instruments</b>	<b>121,440</b>	<b>166,666</b>	<b>188,638</b>	<b>213,879</b>	<b>690,623</b>	<b>288,106</b>
<b>[C] Expiration rate of total sales units</b>	<b>60%</b>	<b>60%</b>	<b>69%</b>	<b>74%</b>	<b>67%</b>	<b>60%</b>

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[1]** Calculated based on the amounts herein

**[A]** Per Morales 30(b)(6) Dep. Ex. 141 (at pdf page 1). As shown on Exhibit 141 (at pdf page 1), for 2018, these "Top 5" X/Xi SKUs represented 73,129 instruments of the 104,469 expired "core" X/Xi instruments, or approximately 70%.

**[B]** Per Schedule 9.1. Instrument numbers and descriptions identified per Morales 30(b)(6) Dep. Ex. 141 (at pdf page 3).

**[C]** Calculated based on the amounts herein.

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# Potential EndoWrist Instrument Units, Net Sales Dollars and Average Selling Price by System (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022

## Schedule 8.0

	2018	2019	2020	2021	2022 thru June	Total	%
<b>Units</b>							
[A] da Vinci S/Si							
[B] da Vinci X/Xi							
[C] Total							
<b>Net sales dollars</b>							
[A] da Vinci S/Si							
[B] da Vinci X/Xi							
[C] Total							
<b>ASP per unit</b>							
[D] da Vinci S/Si	\$1,431	\$1,432	\$1,437	\$1,451	\$1,434	\$1,434	
[D] da Vinci X/Xi	\$1,418	\$1,411	\$1,414	\$1,425	\$1,432	\$1,420	
[D] Total	\$1,424	\$1,417	\$1,418	\$1,427	\$1,432	\$1,423	

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Per Schedule 8.1.

[B] Per Schedule 8.2.

[C] = [A] + [B]

[D] Calculated based on the amounts herein.



<b>Units</b>
--------------

Units

Figure 1 displays a 3x3 grid of scatter plots showing the relationship between the number of children and the number of children in the household. The rows represent different levels of the 'Number of children' variable (1, 2, 3) and the columns represent different levels of the 'Number of children in the household' variable (1, 2, 3). Each plot shows a positive correlation between the two variables.

The plots are arranged in a 3x3 grid. The rows are labeled 'Number of children' (1, 2, 3) and the columns are labeled 'Number of children in the household' (1, 2, 3). Each plot shows a positive correlation between the two variables.

The plots are arranged in a 3x3 grid. The rows are labeled 'Number of children' (1, 2, 3) and the columns are labeled 'Number of children in the household' (1, 2, 3). Each plot shows a positive correlation between the two variables.

Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022  
Schedule 8.1

2018	2019	2020	2021	2022	Total	%
				thru June		

[A]						
[A]						
[A]						
[A]						
[A]						
[A]						
[A]						
[A]						
[A]						
[A]						
[A]	Total units					

# Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022

## Schedule 8.1

	2018	2019	2020	2021	2022 thru June	Total	%
<b>ASP</b>							
[B] 420179	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	
[B] 420006	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420093	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420205	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420309	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420194	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420172	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420049	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420227	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420183	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420296	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420230	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420184	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420327	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420207	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420190	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420189	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420110	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420048	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420318	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420003	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420001	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420007	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420278	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420344	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420033	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	

# Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022

## Schedule 8.1

	2018	2019	2020	2021	2022 thru June	Total	%
[B] 420036	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420178	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 420171	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420246	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420249	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420181	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420157	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420204	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420121	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 420215	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420203	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 420192	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	

**Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022**

**Schedule 8.1**

2018	2019	2020	2021	2022	Total	%
				thru June		

**Net sales dollars**[illegible]

[illegible]

[C]

**Total net sales dollars**

# Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022

## Schedule 8.1

2018	2019	2020	2021	2022	Total	%
				thru June		

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Schedule 13.1.

[B] Schedule 12.0.

[C] = [A] \* [B]



**Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022**

2018	2019	2020	2021	2022	Total	%
				thru June		

Units[illegible]

	2018	2019	2020	2021	2022	Total	%
					thru June		
[A]							
[A]							
[A]							
[A]							
[A]							
[A]							
[A]							
[A]							
[A]							
[A]							
[A]							
[A]							
Total units							

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# Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022

## Schedule 8.2

	2018	2019	2020	2021	2022 thru June	Total	%
<b>ASP</b>							
[B] 470179	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	
[B] 470205	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 471205	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 470006	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470093	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470309	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 471309	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470183	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 471093	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 471006	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470194	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470049	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 470172	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 471049	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 471172	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 470327	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 470230	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 470318	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470296	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 471296	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470184	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 470207	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470001	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 470344	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 470007	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 470190	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	

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# Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022

## Schedule 8.2

	2018	2019	2020	2021	2022 thru June	Total	%
[B] 471190	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 471344	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 470048	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470036	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	
[B] 471048	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470033	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470249	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 470171	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 470246	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 471171	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	
[B] 470215	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	
[B] 470181	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	

**Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022**

**Schedule 8.2**

2018	2019	2020	2021	2022	Total	%
				thru June		

Net sales dollars

[illegible]

	2018	2019	2020	2021	2022 thru June	Total	%
[B]							
[B]							
[B]							
[B]							
[B]							
[B]							
[B]							
[B]							
[B]							
[B]							
[B]							
[B] Total net sales dollars							

# Potential EndoWrist Instrument Units, Net Sales Dollars and ASP by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive Sales Volumes and September 2019 Vizient Amended Agreement Prices): 2018 - June 2022

## Schedule 8.2

2018	2019	2020	2021	2022 thru June	Total	%
------	------	------	------	-------------------	-------	---

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Schedule 13.2.

[B] Schedule 12.1.

[C] = [A] \* [B]



# SIS's Estimated EndoWrist Instrument Repair Cost: 2020 - June 2022 Schedule 9.0

	2020	2021	2022 thru June	Total
<b>Actual Intuitive instrument sales units for "Top 5" X/Xi instruments</b>				
[A] 470006 / 471006 (Large Needle Driver)				
[A] 470179 (Hot Shears (Monopolar Curved Scissors))				
[A] 470205 / 471205 (Fenestrated Bipolar Forceps)				
[A] 470093 / 471093 (ProGrasp Forceps)				
[A] 470172 / 471172 (Maryland Bipolar Forceps)				
[B] Total	188,638	213,879	113,918	516,435
<b>Intuitive COGS for refurbishment per unit (SIS's estimated repair cost per unit)</b>				
[C] 470006 / 471006 (Large Needle Driver)				
[C] 470179 (Hot Shears (Monopolar Curved Scissors))				
[C] 470205 / 471205 (Fenestrated Bipolar Forceps)				
[C] 470093 / 471093 (ProGrasp Forceps)				
[C] 470172 / 471172 (Maryland Bipolar Forceps)				
<b>Total Intuitive COGS for refurbishment per unit (SIS's estimated repair cost)</b>				
[D] 470006 / 471006 (Large Needle Driver)				
[D] 470179 (Hot Shears (Monopolar Curved Scissors))				
[D] 470205 / 471205 (Fenestrated Bipolar Forceps)				
[D] 470093 / 471093 (ProGrasp Forceps)				
[D] 470172 / 471172 (Maryland Bipolar Forceps)				
[E] Total	\$27,926,837	\$33,072,546	\$17,812,049	\$78,811,432
[F] SIS's estimated weighted average repair cost per instrument (rounded)	\$148.00	\$155.00	\$156.00	\$153.00

# SIS's Estimated EndoWrist Instrument Repair Cost: 2020 - June 2022 Schedule 9.0

## NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Per Schedule 9.1.

[B] Sum of [A]

[C] Intuitive anticipated refurbishment costs are per Morales 30(b)(6) Dep. at Ex. 143 (Intuitive 00626597-626616 at 626612). For purposes of my analysis, I assume SIS's repair costs per unit would have approximated Intuitive anticipated refurbishment cost per unit. However, based on discussions with Greg Posdal, I understand SIS's material cost would generally fall below \$10 per unit, less than Intuitive's anticipated \$48 to \$141 per unit. Instrument numbers identified per comparison of Morales 30(b)(6) Dep. Ex. 141 (at pdf page 3) and Morales 30(b)(6) Dep. at Ex. 143 (Intuitive 00626597-626616 at 626612). For purposes of my analysis, I assume the Intuitive cost for the "replacement" instrument number is the same as the amount shown for the "original" instrument number.

[D] = [A] \* [C]

[E] Sum of [D]

[F] = [E] / [B]

Intuitive's "Top 5" X/Xi EndoWrist Instrument Units:  
2018 - June 2022  
Schedule 9.1

	2018	2019	2020	2021	2022	Total
					thru June	
[A]	<div></div>					
[A]						
[B]						
[A]						
[A]						
[A]						
[A]						
[B]						
[A]						
[A]						
[B]						
[A]						
[A]						
[B]						

NOTES / SOURCES:

- Note: Any minor differences are due to rounding.
- [A] Per Schedule 13.2. Instrument numbers identified based on Instrument numbers identified per comparison of Morales 30(b)(6) Dep. Ex. 141 (at pdf page 3). For purposes of this analysis, I also include the "replacement" instrument number.
- [B] Calculated based on the amounts herein.

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

# SIS's Estimated Interceptor Chip Cost (Based on Rebotix's Sales to Restore)

## Schedule 10.0

	Date	Memo	Item	Quantity	Sale Price	Amount	
[A]	5/15/2019	Interceptor assembly programmed with 10 Uses	Interceptor-010 (Interceptor assembly programmed with 10 Uses)	30	\$800	\$24,000	
[A]	5/15/2019	New Customer Repair Credits	Discount		(\$10,400)	(\$10,400)	
[A]	9/4/2019	Interceptor assembly programmed with 10 Uses	Interceptor-010 (Interceptor assembly programmed with 10 Uses)	25	\$800	\$20,000	
[A]	9/4/2019	Less Credit for providing 7 free units to new customers	Discount		(\$5,600)	(\$5,600)	
[A]	10/15/2019	Interceptor assembly programmed with 10 Uses	Interceptor-010 (Interceptor assembly programmed with 10 Uses)	5	\$800	\$4,000	
[B]	Total			60		\$32,000	
			[C] Average cost per Interceptor chip (rounded)				\$533.00

**NOTES / SOURCES:**

Note: Any minor differences are due to rounding.

[A] Per REBOTIX175326. Calculation above is based on Rebotix's sales to Restore.

[B] Sum of [A]

[C] = Amount per [B] / Quantity per [B]

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# Rebotix Sales to SIS: June 27, 2019 - November 21, 2019

## Schedule 10.1

	Date	Num	Memo	Item	Quantity	Sale Price	Amount
[A]	6/27/2019	26674	Mega SutureCut Needle Driver EndoWrist Repair Service	420309-SVC (Mega SutureCut Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	6/27/2019	26674	New Customer Discount	Discount		(\$900)	(\$900)
[A]	7/17/2019	26680	Mega SutureCut Needle Driver EndoWrist Repair Service	420309-SVC (Mega SutureCut Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	8/8/2019	26696	Monopolar Curved Scissors EndoWrist Repair Service	420179-SVC (Monopolar Curved Scissors EndoWrist Repair Service)	1	\$1,300	\$1,300
[A]	8/8/2019	26696	Fenestrated Bipolar Forceps EndoWrist Repair Service	420205-SVC (Fenestrated Bipolar Forceps EndoWrist Repair Service)	1	\$1,200	\$1,200
[A]	8/8/2019	26696	ProGrasp Forceps EndoWrist Repair Service	420093-SVC (ProGrasp Forceps EndoWrist Repair Service)	1	\$900	\$900
[A]	8/8/2019	26696	Mega Needle Driver EndoWrist Repair Service	420194-SVC (Mega Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	8/8/2019	26696	Trial Wrists	Discount		(\$4,300)	(\$4,300)
[A]	9/9/2019	26702	Small Grasping Retractor EndoWrist Repair Service	420318-SVC (Small Grasping Retractor EndoWrist Repair Service)	1	\$900	\$900
[A]	9/9/2019	26702	Small Grasping Retractor EndoWrist Repair Service	420318-SVC (Small Grasping Retractor EndoWrist Repair Service)	1	\$900	\$900
[A]	9/9/2019	26702	Large Needle Driver EndoWrist Repair Service	420006-SVC (Large Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	9/9/2019	26702	Cadiere Forceps EndoWrist Repair Service	420049-SVC (Cadiere Forceps EndoWrist Repair Service)	1	\$750	\$750
[A]	9/9/2019	26702	ProGrasp Forceps EndoWrist Repair Service	420093-SVC (ProGrasp Forceps EndoWrist Repair Service)	1	\$900	\$900
[A]	9/9/2019	26702	Maryland Bipolar Forceps EndoWrist Repair Service	420172-SVC (Maryland Bipolar Forceps EndoWrist Repair Service)	0	\$1,200	\$0
[A]	9/9/2019	26702	Maryland Bipolar Forceps EndoWrist Repair Service	420172-SVC (Maryland Bipolar Forceps EndoWrist Repair Service)	0	\$1,200	\$0
[A]	9/9/2019	26702	Maryland Bipolar Forceps EndoWrist Repair Service	420172-SVC (Maryland Bipolar Forceps EndoWrist Repair Service)	0	\$1,200	\$0
[A]	10/8/2019	26738	Cadiere Forceps EndoWrist Repair Service	420049-SVC (Cadiere Forceps EndoWrist Repair Service)	0	\$750	\$0
[A]	10/8/2019	26738	Cadiere Forceps EndoWrist Repair Service	420049-SVC (Cadiere Forceps EndoWrist Repair Service)	1	\$750	\$750
[A]	10/8/2019	26738	ProGrasp Forceps EndoWrist Repair Service	420093-SVC (ProGrasp Forceps EndoWrist Repair Service)	1	\$900	\$900
[A]	10/18/2019	26746	Maryland Bipolar Forceps EndoWrist Repair Service	420172-SVC (Maryland Bipolar Forceps EndoWrist Repair Service)	1	\$1,200	\$1,200
[A]	10/18/2019	26746	Large SutureCut Needle Driver EndoWrist Repair Service	420296-SVC (Large SutureCut Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	10/18/2019	26746	Mega Needle Driver EndoWrist Repair Service	420194-SVC (Mega Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	10/18/2019	26746	Mega Needle Driver EndoWrist Repair Service	420194-SVC (Mega Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	10/18/2019	26746	DeBakey Forceps EndoWrist Repair Service	420036-SVC (DeBakey Forceps EndoWrist Repair Service)	1	\$750	\$750
[A]	10/25/2019	26748	Large Needle Driver EndoWrist Repair Service	420006-SVC (Large Needle Driver EndoWrist Repair Service)	0	\$900	\$0
[A]	10/25/2019	26748	Used EndoWrist Instrument	EndoWrist (Used EndoWrist Instrument)	1	\$100	\$100
[A]	10/25/2019	26748	Large Needle Driver EndoWrist Repair Service	420006-SVC (Large Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	10/25/2019	26748	Estimate 26748:	Discount		(\$100)	(\$100)
[A]	10/25/2019	26749	Fenestrated Bipolar Forceps EndoWrist Repair Service	420205-SVC (Fenestrated Bipolar Forceps EndoWrist Repair Service)	0	\$1,200	\$0
[A]	10/25/2019	26749	Used EndoWrist Instrument	EndoWrist (Used EndoWrist Instrument)	1	\$100	\$100
[A]	10/25/2019	26749	Fenestrated Bipolar Forceps EndoWrist Repair Service	420205-SVC (Fenestrated Bipolar Forceps EndoWrist Repair Service)	1	\$1,200	\$1,200
[A]	10/25/2019	26749	Estimate 26749:	Discount		(\$100)	(\$100)
[A]	10/25/2019	26750	PK Dissecting Forceps EndoWrist Repair Service	420227-SVC (PK Dissecting Forceps EndoWrist Repair Service)	1	\$1,200	\$1,200
[A]	10/25/2019	26751	ProGrasp Forceps EndoWrist Repair Service	420093-SVC (ProGrasp Forceps EndoWrist Repair Service)	1	\$900	\$900
[A]	10/25/2019	26752	ProGrasp Forceps EndoWrist Repair Service	420093-SVC (ProGrasp Forceps EndoWrist Repair Service)	1	\$900	\$900
[A]	10/31/2019	26754	Large SutureCut Needle Driver EndoWrist Repair Service	420296-SVC (Large SutureCut Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	10/31/2019	26754	Cadiere Forceps EndoWrist Repair Service	420049-SVC (Cadiere Forceps EndoWrist Repair Service)	1	\$750	\$750
[A]	10/31/2019	26755	Large Needle Driver EndoWrist Repair Service	420006-SVC (Large Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	10/31/2019	26756	Large Needle Driver EndoWrist Repair Service	420006-SVC (Large Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	11/12/2019	26760	Large Clip Applier EndoWrist Repair Service	420230-SVC (Large Clip Applier EndoWrist Repair Service)	1	\$750	\$750
[A]	11/12/2019	26760	Maryland Bipolar Forceps EndoWrist Repair Service	420172-SVC (Maryland Bipolar Forceps EndoWrist Repair Service)	1	\$1,200	\$1,200
[A]	11/12/2019	26760	Mega SutureCut Needle Driver EndoWrist Repair Service	420309-SVC (Mega SutureCut Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	11/12/2019	26760	Monopolar Curved Scissors EndoWrist Repair Service	420179-SVC (Monopolar Curved Scissors EndoWrist Repair Service)	1	\$1,300	\$1,300
[A]	11/12/2019	26760	Cadiere Forceps EndoWrist Repair Service	420049-SVC (Cadiere Forceps EndoWrist Repair Service)	0	\$750	\$0
[A]	11/12/2019	26760	Monopolar Curved Scissors EndoWrist Repair Service	420179-SVC (Monopolar Curved Scissors EndoWrist Repair Service)	0	\$1,300	\$0
[A]	11/12/2019	26760	Mega Needle Driver EndoWrist Repair Service	420194-SVC (Mega Needle Driver EndoWrist Repair Service)	0	\$900	\$0
[A]	11/12/2019	26760	Large Clip Applier EndoWrist Repair Service	420230-SVC (Large Clip Applier EndoWrist Repair Service)	0	\$750	\$0
[A]	11/12/2019	26760	Used EndoWrist Instrument	EndoWrist (Used EndoWrist Instrument)	4	\$100	\$400
[A]	11/12/2019	26760	Cadiere Forceps EndoWrist Repair Service	420049-SVC (Cadiere Forceps EndoWrist Repair Service)	1	\$750	\$750
[A]	11/12/2019	26760	Monopolar Curved Scissors EndoWrist Repair Service	420179-SVC (Monopolar Curved Scissors EndoWrist Repair Service)	1	\$1,300	\$1,300
[A]	11/12/2019	26760	Mega Needle Driver EndoWrist Repair Service	420194-SVC (Mega Needle Driver EndoWrist Repair Service)	1	\$900	\$900
[A]	11/12/2019	26760	Large Clip Applier EndoWrist Repair Service	420230-SVC (Large Clip Applier EndoWrist Repair Service)	1	\$750	\$750
[A]	11/12/2019	26760	New Customer Discount	Discount		(\$400)	(\$400)
[A]	11/20/2019	26762	Large Needle Driver EndoWrist Repair Service	420006-SVC (Large Needle Driver EndoWrist Repair Service)	1	\$900	\$900

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Rebotix Sales to SIS: June 27, 2019 - November 21, 2019  
Schedule 10.1

	Date	Num	Memo	Item	Quantity	Sale Price	Amount
[A]	11/21/2019	26763	Large Clip Applier EndoWrist Repair Service	420230-SVC (Large Clip Applier EndoWrist Repair Service)	1	\$750	\$750
[A]	11/21/2019	26763	Monopolar Curved Scissors EndoWrist Repair Service	420179-SVC (Monopolar Curved Scissors EndoWrist Repair Service)	1	\$1,300	\$1,300
[A]	11/21/2019	26763	Fenestrated Bipolar Forceps EndoWrist Repair Service	420205-SVC (Fenestrated Bipolar Forceps EndoWrist Repair Service)	1	\$1,200	\$1,200
[A]	11/21/2019	26763	Monopolar Curved Scissors EndoWrist Repair Service	420179-SVC (Monopolar Curved Scissors EndoWrist Repair Service)	1	\$1,300	\$1,300
[A]	11/21/2019	26763	Maryland Bipolar Forceps EndoWrist Repair Service	420172-SVC (Maryland Bipolar Forceps EndoWrist Repair Service)	1	\$1,200	\$1,200
[A]	11/21/2019	26763	Tenaculum Forceps EndoWrist Repair Service	420207-SVC (Tenaculum Forceps EndoWrist Repair Service)	0	\$900	\$0
[A]	11/21/2019	26763	Used EndoWrist Instrument	EndoWrist (Used EndoWrist Instrument)	1	\$100	\$100
[A]	11/21/2019	26763	New Customer Discount	Discount		(\$100)	(\$100)
[A]	11/21/2019	26763	Tenaculum Forceps EndoWrist Repair Service	420207-SVC (Tenaculum Forceps EndoWrist Repair Service)	1	\$900	\$900
[B]	Total				49		\$35,500

NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Summarized per REBOTIX175326.

[B] Sum of [A].



# Potential EndoWrist Instrument Units, Costs and Costs per Unit by System (Using Intuitive Sales Volumes and Rebotix Pricing): 2018 - June 2022

## Schedule 11.0

	2018	2019	2020	2021	2022 thru June	Total	%
<b>Units</b>							
[A] da Vinci S/Si							
[B] da Vinci X/Xi							
[C] Total							
<b>Costs</b>							
[A] da Vinci S/Si							
[B] da Vinci X/Xi							
[C] Total							
<b>Cost per unit</b>							
[D] da Vinci S/Si	\$1,037	\$1,038	\$1,043	\$1,055	\$1,039	\$1,040	
[D] da Vinci X/Xi	\$1,026	\$1,019	\$1,023	\$1,034	\$1,041	\$1,028	
[D] Total	\$1,031	\$1,025	\$1,026	\$1,035	\$1,041	\$1,030	

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Per Schedule 11.1.

[B] Per Schedule 11.2.

[C] = [A] + [B]

[D] Calculated based on the amounts herein.



## Schedule 11.1

Units[illegible]

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[A]  
[A]  
[A]

[illegible][illegible]

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# Potential EndoWrist Instrument Units, Costs and Costs per Unit by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and Rebotix Pricing): 2018 - June 2022

## Schedule 11.1

	2018	2019	2020	2021	2022 thru June	Total	%
[B] 420003	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 420001	\$750	\$750	\$750	\$750	\$750	\$750	
[B] 420007	\$750	\$750	\$750	\$750	\$750	\$750	
[B] 420278	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 420344	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 420033	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 420036	\$750	\$750	\$750	\$750	\$750	\$750	
[B] 420178	\$750	\$750	\$750	\$750	\$750	\$750	
[B] 420171	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 420246	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 420249	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 420181	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 420157	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 420204	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 420121	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 420215	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 420203	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 420192	\$750	\$750	\$750	\$750	\$750	\$750	


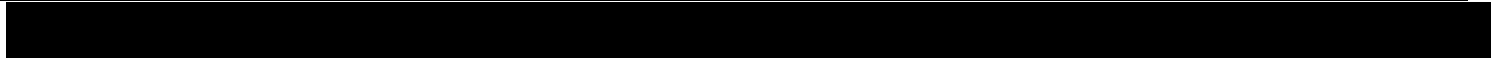
### Costs

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HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

# Potential EndoWrist Instrument Units, Costs and Costs per Unit by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and Rebotix Pricing): 2018 - June 2022

## Schedule 11.1

	2018	2019	2020	2021	2022	Total	%
[C]							
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[C]	Total costs						

# Potential EndoWrist Instrument Units, Costs and Costs per Unit by Product (Instrument Number) - da Vinci S/Si (Using Intuitive Sales Volumes and Rebotix Pricing): 2018 - June 2022

## Schedule 11.1

2018	2019	2020	2021	2022	Total	%
				thru June		

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[A]** Schedule 13.1.

**[B]** Schedule 12.0.

**[C]** = **[A]** \* **[B]**

## Schedule 11.2

2018	2019	2020	2021	2022	Total	%
				thru June		

## Units

[illegible]

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# Potential EndoWrist Instrument Units, Costs and Costs per Unit by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive Sales Volumes and Rebotix Pricing): 2018 - June 2022

## Schedule 11.2

2018	2019	2020	2021	2022	Total	%
				thru June		

[A]	
[A]	
[A]	
[A]	
[A]	
[A]	
[A]	
[A]	

[A] Total units

Cost per unit
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[B] 470179	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300
[B] 470205	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
[B] 471205	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
[B] 470006	\$900	\$900	\$900	\$900	\$900	\$900
[B] 470093	\$900	\$900	\$900	\$900	\$900	\$900
[B] 470309	\$900	\$900	\$900	\$900	\$900	\$900
[B] 471309	\$900	\$900	\$900	\$900	\$900	\$900
[B] 470183	\$750	\$750	\$750	\$750	\$750	\$750
[B] 471093	\$900	\$900	\$900	\$900	\$900	\$900
[B] 471006	\$900	\$900	\$900	\$900	\$900	\$900
[B] 470194	\$900	\$900	\$900	\$900	\$900	\$900
[B] 470049	\$750	\$750	\$750	\$750	\$750	\$750
[B] 470172	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
[B] 471049	\$750	\$750	\$750	\$750	\$750	\$750
[B] 471172	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
[B] 470327	\$750	\$750	\$750	\$750	\$750	\$750
[B] 470230	\$750	\$750	\$750	\$750	\$750	\$750
[B] 470318	\$900	\$900	\$900	\$900	\$900	\$900
[B] 470296	\$900	\$900	\$900	\$900	\$900	\$900
[B] 471296	\$900	\$900	\$900	\$900	\$900	\$900
[B] 470184	\$750	\$750	\$750	\$750	\$750	\$750



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# Potential EndoWrist Instrument Units, Costs and Costs per Unit by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive Sales Volumes and Rebotix Pricing): 2018 - June 2022

## Schedule 11.2

	2018	2019	2020	2021	2022 thru June	Total	%
[B] 470207	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 470001	\$750	\$750	\$750	\$750	\$750	\$750	
[B] 470344	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 470007	\$750	\$750	\$750	\$750	\$750	\$750	
[B] 470190	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 471190	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 471344	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 470048	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 470036	\$750	\$750	\$750	\$750	\$750	\$750	
[B] 471048	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 470033	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 470249	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 470171	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 470246	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 471171	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
[B] 470215	\$900	\$900	\$900	\$900	\$900	\$900	
[B] 470181	\$900	\$900	\$900	\$900	\$900	\$900	

### Costs

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Potential EndoWrist Instrument Units, Costs and Costs per Unit  
by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive  
Sales Volumes and Rebotix Pricing): 2018 - June 2022  
Schedule 11.2

	2018	2019	2020	2021	2022	Total	%
					thru June		
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[C]	Total costs						

Potential EndoWrist Instrument Units, Costs and Costs per Unit  
by Product (Instrument Number) - da Vinci X/Xi (Using Intuitive  
Sales Volumes and Rebotix Pricing): 2018 - June 2022  
Schedule 11.2

2018	2019	2020	2021	2022	Total	%
				thru June		

NOTES / SOURCES:

- Note: Any minor differences are due to rounding.
- [A] Schedule 13.2.
- [B] Schedule 12.1.
- [C] = [A] \* [B]

# SIS's EndoWrist Instrument Sales Prices and Costs (from Rebotix) - da Vinci S/Si

## Schedule 12.0

[1] Instrument Number	[1] Description	[1] SIS sales price	[2] SIS cost from Rebotix
420179	Hot Shears (Monopolar Curved Scissors)	\$1,700	\$1,300
420110	PreCise Bipolar Forceps	\$1,600	\$1,200
420121	Fine Tissue Forceps	\$1,600	\$1,200
420171	Micro Bipolar Forceps	\$1,600	\$1,200
420172	Maryland Bipolar Forceps	\$1,600	\$1,200
420204	Atrial Retractor	\$1,600	\$1,200
420205	Fenestrated Bipolar Forceps	\$1,600	\$1,200
420227	PK® Dissecting Forceps	\$1,600	\$1,200
420246	Atrial Retractor Short Right	\$1,600	\$1,200
420249	Dual Blade Retractor	\$1,600	\$1,200
420344	Curved Bipolar Dissector	\$1,600	\$1,200
420003	Small Clip Applier	\$1,300	\$900
420006	Large Needle Driver	\$1,300	\$900
420033	Black Diamond Micro Forceps	\$1,300	\$900
420048	Long Tip Forceps	\$1,300	\$900
420093	ProGrasp Forceps	\$1,300	\$900
420157	Snap-fit™ Scalpel Instrument	\$1,300	\$900
420181	Resano Forceps	\$1,300	\$900
420190	Cobra Grasper	\$1,300	\$900
420194	Mega Needle Driver	\$1,300	\$900
420203	Pericardial Dissector	\$1,300	\$900

# SIS's EndoWrist Instrument Sales Prices and Costs (from Rebotix) - da Vinci S/Si Schedule 12.0

[1] Instrument Number	[1] Description	[1] SIS sales price	[2] SIS cost from Rebotix
420207	Tenaculum Forceps	\$1,300	\$900
420215	Cardiac Probe Grasper	\$1,300	\$900
420278	Graptor (Grasping Retractor)	\$1,300	\$900
420296	Large SutureCut™ Needle Driver	\$1,300	\$900
420309	Mega™ SutureCut™ Needle Driver	\$1,300	\$900
420318	Small Graptor (Grasping Retractor)	\$1,300	\$900
420001	Potts Scissors	\$1,100	\$750
420007	Round Tip Scissors	\$1,100	\$750
420036	DeBakey Forceps	\$1,100	\$750
420049	Cadiere Forceps	\$1,100	\$750
420178	Curved Scissors	\$1,100	\$750
420183	Permanent Cautery Hook	\$1,100	\$750
420184	Permanent Cautery Spatula	\$1,100	\$750
420189	Double Fenestrated Grasper	\$1,100	\$750
420192	Valve Hook	\$1,100	\$750
420230	Large Clip Applier	\$1,100	\$750
420327	Medium-Large Clip Applier	\$1,100	\$750

# SIS's EndoWrist Instrument Sales Prices and Costs (from Rebotix) - da Vinci S/Si Schedule 12.0

[1] Instrument Number	[1] Description	[1] SIS sales price	[2] SIS cost from Rebotix
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## NOTES / SOURCES:

- [1] Per SIS000047-49. See *also*, Keith Johnson Dep. Ex. 137 (at SIS097181), SIS000035-45 at 44 and SIS000024. Prices shown above are also consistent with prices shown on Schedule 14.0, representing actual sales from SIS to customers.
- [2] Per REBOTIX162208-162212 at 212. Prices above reflect the distributor price offered by Rebotix to distributors. See *also*, Schedule 10.1 showing sales from Rebotix to SIS.

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# SIS's EndoWrist Instrument Sales Prices and Costs (from Rebotix) - da Vinci X/Xi Schedule 12.1

Instrument Number	Description	Source of Identification	[1] SIS sales price	[2] SIS cost from Rebotix
470179	Hot Shears (Monopolar Curved Scissors)	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420179	\$1,700	\$1,300
470110	PreCise Bipolar Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420110	\$1,600	\$1,200
470121	Fine Tissue Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420121	\$1,600	\$1,200
470171	Micro Bipolar Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420171	\$1,600	\$1,200
471171	Micro Bipolar Forceps	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,600	\$1,200
470172	Maryland Bipolar Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420172	\$1,600	\$1,200
471172	Maryland Bipolar Forceps	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,600	\$1,200
470204	Atrial Retractor	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420204	\$1,600	\$1,200
470205	Fenestrated Bipolar Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420205	\$1,600	\$1,200
471205	Fenestrated Bipolar Forceps	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,600	\$1,200
470227	PK® Dissecting Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420227	\$1,600	\$1,200
470246	Atrial Retractor Short Right	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420246	\$1,600	\$1,200
470249	Dual Blade Retractor	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420249	\$1,600	\$1,200
470344	Curved Bipolar Dissector	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420344	\$1,600	\$1,200
471344	Curved Bipolar Dissector	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,600	\$1,200
470003	Small Clip Applier	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420003	\$1,300	\$900
470006	Large Needle Driver	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420006	\$1,300	\$900
471006	Large Needle Driver	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,300	\$900
470033	Black Diamond Micro Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420033	\$1,300	\$900
470048	Long Tip Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420048	\$1,300	\$900
471048	Long Tip Forceps	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,300	\$900
470093	ProGrasp Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420093	\$1,300	\$900
471093	ProGrasp Forceps	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,300	\$900
470157	Snap-fit™ Scalpel Instrument	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420157	\$1,300	\$900
470181	Resano Forceos	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420181	\$1,300	\$900
470190	Cobra Grasper	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420190	\$1,300	\$900
471190	Cobra Grasper	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,300	\$900
470194	Mega Needle Driver	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420194	\$1,300	\$900
470203	Pericardial Dissector	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420203	\$1,300	\$900
470207	Tenaculum Forceos	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420207	\$1,300	\$900
470215	Cardiac Probe Grasper	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420215	\$1,300	\$900
470278	Graptor (Grasping Retractor)	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420278	\$1,300	\$900
470296	Large SutureCut™ Needle Driver	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420296	\$1,300	\$900
471296	Large SutureCut™ Needle Driver	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,300	\$900

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# SIS's EndoWrist Instrument Sales Prices and Costs (from Rebotix) - da Vinci X/Xi

## Schedule 12.1

Instrument Number	Description	Source of Identification	[1]	[2]
			SIS sales price	SIS cost from Rebotix
470309	Mega™ SutureCut™ Needle Driver	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420309	\$1,300	\$900
471309	Mega™ SutureCut™ Needle Driver	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,300	\$900
470318	Small Graptor (Grasping Retractor)	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420318	\$1,300	\$900
470001	Potts Scissors	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420001	\$1,100	\$750
470007	Round Tip Scissors	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420007	\$1,100	\$750
470036	DeBakey Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420036	\$1,100	\$750
470049	Cadiere Forceps	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 470049	\$1,100	\$750
471049	Cadiere Forceps	Da Vinci X/Xi Instrument & Accessory Catalog October 2021	\$1,100	\$750
470178	Curved Scissors	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420178	\$1,100	\$750
470183	Permanent Cautery Hook	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420183	\$1,100	\$750
470184	Permanent Cautery Spatula	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420184	\$1,100	\$750
470189	Double Fenestrated Grasper	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420189	\$1,100	\$750
470192	Valve Hook	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420192	\$1,100	\$750
470230	Large Clip Applier	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420230	\$1,100	\$750
470327	Medium-Large Clip Applier	Corresponding Da Vinci S/Si Material Number per Schedule 12.0 - 420327	\$1,100	\$750

### NOTES / SOURCES:

Note: Per the Deposition of Grant Duque 25-36, 48-52 and 156-157 (November 8, 2022), I understand Intuitive's S/Si and X/Xi EndoWrist instruments are used for the same applications and essentially perform the same functions.

[1] Per SIS000047-49, pricing was based on the da Vinci S/Si platform. I assume a similar price for the X/Xi platform. This appears reasonable, as per Schedules 13.1 and 13.2, the Intuitive average selling price for similar instrument numbers appear to be the approximately the same (i.e., 420179 and 470179). This would suggest the SIS price to its customers would be approximately the same.

[2] Per REBOTIX162208-162212 at 212, pricing (cost) was based on the da Vinci S/Si platform. I assume a similar price (cost) for the X/Xi platform. This appears reasonable, as per Schedules 13.1 and 13.2, the Intuitive average selling price for similar instrument numbers appear to be the approximately the same (i.e., 420179 and 470179). This would suggest the price (cost) to SIS would be approximately the same.



# SIS's EndoWrist Instrument Sale Price vs Intuitive Sales Price - da Vinci S/Si

## Schedule 12.2

[1]	[1]	[1]	[2]	[3]	[4]
Instrument Number	Description	SIS sales price	Intuitive sales price	Difference	% Discount
420179	Hot Shears (Monopolar Curved Scissors)	\$1,700	\$3,200	(\$1,500)	-47%
420110	PreCise Bipolar Forceps	\$1,600	\$2,708	(\$1,108)	-41%
420121	Fine Tissue Forceps	\$1,600	\$2,864	(\$1,264)	-44%
420171	Micro Bipolar Forceps	\$1,600	\$2,755	(\$1,155)	-42%
420172	Maryland Bipolar Forceps	\$1,600	\$2,705	(\$1,105)	-41%
420204	Atrial Retractor	\$1,600	\$2,964	(\$1,364)	-46%
420205	Fenestrated Bipolar Forceps	\$1,600	\$2,702	(\$1,102)	-41%
420227	PK® Dissecting Forceps	\$1,600	\$2,904	(\$1,304)	-45%
420246	Atrial Retractor Short Right	\$1,600	\$2,963	(\$1,363)	-46%
420249	Dual Blade Retractor	\$1,600	\$2,332	(\$732)	-31%
420344	Curved Bipolar Dissector	\$1,600	\$2,735	(\$1,135)	-41%
420003	Small Clip Applier	\$1,300	\$2,410	(\$1,110)	-46%
420006	Large Needle Driver	\$1,300	\$2,200	(\$900)	-41%
420033	Black Diamond Micro Forceps	\$1,300	\$2,519	(\$1,219)	-48%
420048	Long Tip Forceps	\$1,300	\$2,473	(\$1,173)	-47%
420093	ProGrasp Forceps	\$1,300	\$2,201	(\$901)	-41%
420157	Snap-fit™ Scalpel Instrument	\$1,300	\$3,011	(\$1,711)	-57%
420181	Resano Forceps	\$1,300	\$2,228	(\$928)	-42%
420190	Cobra Grasper	\$1,300	\$2,213	(\$913)	-41%
420194	Mega Needle Driver	\$1,300	\$2,201	(\$901)	-41%
420203	Pericardial Dissector	\$1,300	\$2,221	(\$921)	-41%
420207	Tenaculum Forceps	\$1,300	\$2,221	(\$921)	-41%

# SIS's EndoWrist Instrument Sale Price vs Intuitive Sales Price - da Vinci S/Si

## Schedule 12.2

[1]	[1]	[1]	[2]	[3]	[4]
Instrument Number	Description	SIS sales price	Intuitive sales price	Difference	% Discount
420215	Cardiac Probe Grasper	\$1,300	\$2,248	(\$948)	-42%
420278	Graptor (Grasping Retractor)	\$1,300	\$2,433	(\$1,133)	-47%
420296	Large SutureCut™ Needle Driver	\$1,300	\$2,402	(\$1,102)	-46%
420309	Mega™ SutureCut™ Needle Driver	\$1,300	\$2,405	(\$1,105)	-46%
420318	Small Graptor (Grasping Retractor)	\$1,300	\$2,115	(\$815)	-39%
420001	Potts Scissors	\$1,100	\$1,970	(\$870)	-44%
420007	Round Tip Scissors	\$1,100	\$1,980	(\$880)	-44%
420036	DeBakey Forceps	\$1,100	\$1,866	(\$766)	-41%
420049	Cadiere Forceps	\$1,100	\$2,005	(\$905)	-45%
420178	Curved Scissors	\$1,100	\$2,026	(\$926)	-46%
420183	Permanent Cautery Hook	\$1,100	\$2,008	(\$908)	-45%
420184	Permanent Cautery Spatula	\$1,100	\$2,014	(\$914)	-45%
420189	Double Fenestrated Grasper	\$1,100	\$2,014	(\$914)	-45%
420192	Valve Hook	\$1,100	\$1,799	(\$699)	-39%
420230	Large Clip Applier	\$1,100	\$1,408	(\$308)	-22%
420327	Medium-Large Clip Applier	\$1,100	\$1,410	(\$310)	-22%
Average (simple)					-42%

# SIS's EndoWrist Instrument Sale Price vs Intuitive Sales Price - da Vinci S/Si

## Schedule 12.2

[1]	[1]	[1]	[2]	[3]	[4]
Instrument Number	Description	SIS sales price	Intuitive sales price	Difference	% Discount

### NOTES / SOURCES:

[1] Per Schedule 12.0.

[2] Per Schedule 13.1.

[3] SIS sales price per [1] - [2]

[4] = [3] / [2]

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# Intuitive's EndoWrist Instrument Units, Net Sales Dollars and Average Selling Price by System: 2014 - June 2022

## Schedule 13.0

	2014	2015	2016	2017	2018	2019	2020	2021	2022 thru June	Total	%	2022 Annualized
<b>Units</b>												
<b>[A]</b> da Vinci S/Si												
<b>[B]</b> da Vinci X/Xi												
<b>[C]</b> Total units												
<b>Net sales dollars</b>												
<b>[A]</b> da Vinci S/Si												
<b>[B]</b> da Vinci X/Xi												
<b>[C]</b> Total net sales dollars												
<b>ASP per unit</b>												
<b>[D]</b> da Vinci S/Si	\$2,508	\$2,511	\$2,518	\$2,521	\$2,528	\$2,537	\$2,572	\$2,659	\$2,538	\$2,524		\$2,538
<b>[D]</b> da Vinci X/Xi	\$2,417	\$2,453	\$2,477	\$2,486	\$2,499	\$2,491	\$2,542	\$2,657	\$2,666	\$2,557		\$2,666
<b>[D]</b> Total ASP per unit	\$2,503	\$2,500	\$2,506	\$2,506	\$2,512	\$2,504	\$2,546	\$2,658	\$2,663	\$2,544		\$2,663

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[A]** Per Schedule 13.1.

**[B]** Per Schedule 13.2.

**[C]** = **[A]** + **[B]**

**[D]** Calculated based on the amounts herein.

2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	%
								thru Jun		

[illegible]

**[B] Total units**

2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	%
								thru Jun		

[illegible]**Total net sales dollars**

[illegible]

ASP

[B]

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Intuitive's EndoWrist Instrument Units and Net Sales Dollars by Product  
(Instrument Number) - da Vinci S/Si: 2014 - June 2022  
Schedule 13.1

2014	2015	2016	2017	2018	2019	2020	2021	2022 thru Jun	Total	%
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NOTES / SOURCES:

- Note: Any minor differences are due to rounding.
- Note: U.S. sales were identified by using the "Comp Code" field and filtering for "2000" and using the "Unit" field and filtering for "EA." Each S/Si instrument above was selected based on SIS000047-49 (See also, Schedule 12.0). Per REBOTIX162208-162212 at 212, I understand all of the S/Si EndoWrists identified above are repairable by Rebotix.
- [A] Summarized per Intuitive-00595406-413, Intuitive-00595415-428, Intuitive-00595434-437, Intuitive-00695231-233, Intuitive-01101508 and Intuitive-02025757-759.
- [B] Calculated based on the amounts herein.



2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	%
								thru June		

Units

[illegible]**Total units**

2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	%
								thru June		

[illegible]**Total net sales dollars**

2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	%
								thru June		

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# Intuitive's EndoWrist Instrument Units and Net Sales Dollars by Product (Instrument Number) - da Vinci X/Xi: 2014 - June 2022

## Schedule 13.2

2014	2015	2016	2017	2018	2019	2020	2021	2022	Total	%
								thru June		

**NOTES / SOURCES:**

- Note: Any minor differences are due to rounding.
- Note: U.S. sales were identified by using the "Comp Code" field and filtering for "2000" and using the "Unit" field and filtering for "EA." Each X/Xi instrument was selected as described on Schedule 12.1.
- [A] Summarized per Intuitive-00595406-413, Intuitive-00595415-428, Intuitive-00595434-437, Intuitive-00695231-233, Intuitive-01101508 and Intuitive-02025757-759.
- [B] Calculated based on the amounts herein.

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SIS's EndoWrist Instrument Repair Summary  
Schedule 14.0

[1]	[1]	[1]	[1]	[1]	[2]	[1]	[1]	[1]	[3]	[3]	[3]	[3]	[3]
Order date	Customer	Invoice #	Quantity	Price	Sales	Item (EndoWrist Instrument Number)	Item description	Item comments	Total count	Repaired count	Not repaired count	Expired count	Not supported count
11/14/18	ALEXIAN BROTHERS MEDICAL CTR	60576-1	1	\$0.00	N/A	470001	DaVinci Potts Scissors	Severely damaged. BEYOND REPAIR. Needs replacement	1		1		
06/28/19	LEGACY GOOD SAMARITAN	61059-1	1	\$1,300.00	\$1,300.00	420309	Needle Driver, Mega Suture Cut	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions	2	1			
07/18/19	LEGACY GOOD SAMARITAN	61064-1	1	\$1,300.00	\$1,300.00	420309	Needle Driver, Mega Suture Cut	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions	3	2			
08/27/19	KAISER FONTANA	95513-1	1	\$1,700.00	\$0.00	420179	Monopolar Curved Scissors	Monopolar Curved Scissors EndoWrist Repair Services	4	3			
08/27/19	KAISER FONTANA	95513-1	1	\$1,600.00	\$0.00	420205	Fenestrated Bipolar Forceps	Fenestrated Bipolar Forceps EndoWrist Repair Services	5	4			
08/27/19	KAISER FONTANA	95513-1	1	\$1,300.00	\$0.00	420093	ProGrasp Forceps	ProGrasp Forceps EndoWrist Repair Services	6	5			
08/27/19	KAISER FONTANA	95513-1	1	\$1,300.00	\$0.00	420194	Mega Needle Driver	Mega Needle Driver EndoWrist Repair Services	7	6			
09/09/19	KAISER FONTANA	60733-1	1	\$1,300.00	\$1,300.00	420318	Small Graptor (Grasping Retractor)	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions	8	7			
09/09/19	KAISER FONTANA	60733-1	1	\$1,300.00	\$1,300.00	420006	Needle Driver, Large	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions	9	8			
09/09/19	KAISER FONTANA	60733-1	1	\$1,300.00	\$1,300.00	420093	Forceps, ProGrasp	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	10	9			
09/09/19	KAISER FONTANA	60733-1	1	\$1,300.00	\$1,300.00	420318	Small Graptor (Grasping Retractor)	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	11	10			
09/09/19	KAISER FONTANA	60733-1	1	\$1,100.00	\$1,100.00	420049	Forceps, Cadiere	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	12	11			
09/09/19	KAISER FONTANA	60733-2	1	\$0.00	N/A	420172	Bipolar Forceps, Maryland	BEYOND REPAIR. Needs replacement	13		2		
09/09/19	KAISER FONTANA	60733-2	1	\$0.00	N/A	420172	Bipolar Forceps, Maryland	BEYOND REPAIR. Needs replacement	14		3		
09/09/19	KAISER FONTANA	60733-2	1	\$0.00	N/A	420172	Bipolar Forceps, Maryland	BEYOND REPAIR. Needs replacement	15		4		
	ADVOCATE GOOD SAMARITAN	95713-1	1	\$0.00	N/A	420205	Fenestrated Bipolar Forceps	Expired. BEYOND REPAIR. SIS is unable to provide a replacement	16			1	
10/29/19	MARIN HEALTH MEDICAL CENTER	90009-1	1	\$1,300.00	\$1,300.00	420296	Needle Driver, Large Suture Cut	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	17	12			
10/29/19	MARIN HEALTH MEDICAL CENTER	90009-1	1	\$1,300.00	\$1,300.00	420194	Needle Driver, Mega	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	18	13			
10/29/19	MARIN HEALTH MEDICAL CENTER	90009-1	1	\$1,100.00	\$1,100.00	420036	Forceps, DeBakey	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	19	14			
10/29/19	MARIN HEALTH MEDICAL CENTER	90009-1	1	\$1,600.00	\$1,600.00	420172	Bipolar Forceps, Maryland	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	20	15			
10/29/19	MARIN HEALTH MEDICAL CENTER	90009-1	1	\$1,300.00	\$1,300.00	420194	Needle Driver, Mega	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	21	16			
10/30/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-1	1	\$1,600.00	\$1,600.00	420205	Fenestrated Bipolar Forceps	Repair/Exchange. Received SN: N10190207	22	17			
10/30/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-2	1	\$1,600.00	\$1,600.00	420227	PK® Dissecting Forceps	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	23	18			
10/30/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-3	1	\$1,300.00	\$1,300.00	420093	Forceps, ProGrasp	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	24	19			
10/30/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-4	1	\$1,300.00	\$1,300.00	420093	Forceps, ProGrasp	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	25	20			
10/30/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-5	1	\$1,300.00	\$1,300.00	420006	Needle Driver, Large	Refurbish tool end. Clean. Mechanical inspection and testing. Repair/Exchange. Received SN: N10190327	26	21			
10/30/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-6	1	\$1,100.00	\$1,100.00	420049	Forceps, Cadiere	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	27	22			
10/30/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-7	1	\$1,300.00	\$1,300.00	420093	Forceps, ProGrasp	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	28	23			
10/29/19	ADVOCATE SOUTH SUBURBAN HOSP	61148-8	1	\$0.00	N/A	420049	Forceps, Cadiere	Expired and disposed of. BEYOND REPAIR. SIS is unable to provide a replacement.	29			2	
11/06/19	ADVOCATE SOUTH SUBURBAN HOSP	61156-1	1	\$1,300.00	\$1,300.00	420006	Needle Driver, Large	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	30	24			
11/06/19	ADVOCATE SOUTH SUBURBAN HOSP	61156-2	1	\$1,300.00	\$1,300.00	420006	Needle Driver, Large	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	31	25			
11/14/19	MARIN HEALTH MEDICAL CENTER	60137-1	1	\$1,300.00	\$1,300.00	420296	Needle Driver, Large Suture Cut	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	32	26			
11/14/19	MARIN HEALTH MEDICAL CENTER	60137-1	1	\$1,100.00	\$1,100.00	420049	Forceps, Cadiere	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	33	27			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,700.00	N/A	420179	Scissors, Curved Monopolar	Repair/Exchange. Received SN: N12190701	34	28			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,300.00	N/A	420309	Needle Driver, Mega Suture Cut	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	35	29			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,700.00	N/A	420179	Scissors, Curved Monopolar	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	36	30			



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SIS's EndoWrist Instrument Repair Summary  
Schedule 14.0

[1]	[1]	[1]	[1]	[1]	[2]	[1]	[1]	[1]	[3]	[3]	[3]	[3]	[3]
Order date	Customer	Invoice #	Quantity	Price	Sales	Item (EndoWrist Instrument Number)	Item description	Item comments	Total count	Repaired count	Not repaired count	Expired count	Not supported count
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,100.00	N/A	420049	Forceps, Cadiere	Repair/Exchange. Received SN: N10180822	37	31			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,100.00	N/A	420230	Applier, Large Clip	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	38	32			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,600.00	N/A	420172	Bipolar Forceps, Maryland	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	39	33			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,100.00	N/A	420230	Applier, Large Clip	Repair/Exchange. Received SN: N10170921	40	34			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$1,300.00	N/A	420194	Needle Driver, Mega	Repair/Exchange. Received SN: M10140121	41	35			
11/15/19	MARIN HEALTH MEDICAL CENTER	90008-1	1	\$0.00	N/A	420275	Shears, Harmonic Ace Curved	Model number is not supported. NO REPAIR	42				1
	ADVOCATE GOOD SAMARITAN	96156-1	1	\$1,300.00	N/A	420006	Needle Driver, Large	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	43	36			
12/10/19	MARIN HEALTH MEDICAL CENTER	90010-1	1	\$1,100.00	\$1,100.00	420230	Applier, Large Clip	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	44	37			
12/10/19	MARIN HEALTH MEDICAL CENTER	90010-1	1	\$1,300.00	\$1,300.00	420207	Forceps, Tenaculum	Repair/Exchange. Received SN: M10100316	45	38			
12/10/19	MARIN HEALTH MEDICAL CENTER	90010-1	1	\$1,600.00	\$1,600.00	420172	Bipolar Forceps, Maryland	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	46	39			
12/10/19	MARIN HEALTH MEDICAL CENTER	90010-1	1	\$1,600.00	\$1,600.00	420172	Bipolar Forceps, Maryland	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	47	40			
12/10/19	MARIN HEALTH MEDICAL CENTER	90010-1	1	\$1,700.00	\$1,700.00	420179	Scissors, Curved Monopolar	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	48	41			
12/10/19	MARIN HEALTH MEDICAL CENTER	90010-1	1	\$1,600.00	\$1,600.00	420205	Fenestrated Bipolar Forceps	Refurbish tool end. Clean. Mechanical inspection and testing. Electrical safety testing. Use count reset and test all functions.	49	42			
					\$38,900.00	Total			49	42	4	2	1
[A] Repair yield of SIS collectable units									88%				

NOTES / SOURCES:

- Note: Any minor differences are due to rounding.
- Note: Column headings are based on a review of invoices, for example, SIS000097-112.
- [1] Summarized per SIS000167.
- [2] Summarized per SIS000097-112. I have indicated "N/A" for records where invoices could not be located.
- [3] Count based on "Item Comments."
- [A] Calculated as Repaired Count / (Repaired Count + Not Repaired Count + Expired Count).

# SIS's Financial Statements: 2019 - October 2021

## Schedule 15.0

	<b>[1]</b>		<b>[2]</b>		<b>[3]</b>	
	<b>2019</b>		<b>2020</b>		<b>2021 (thru Oct)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Revenue	\$6,996,108	100.0%	\$10,723,980	100.0%	\$10,092,079	100.0%
Cost of goods sold	\$4,084,286	58.4%	\$5,863,755	54.7%	\$5,813,610	57.6%
Gross profit	\$2,911,822	41.6%	\$4,860,225	45.3%	\$4,278,469	42.4%
Expenses:						
Selling	\$1,415,642	20.2%	\$1,893,403	17.7%	\$1,899,002	18.8%
General and admin	\$1,125,420	16.1%	\$1,224,361	11.4%	\$1,428,002	14.1%
Total expenses	\$2,541,062	36.3%	\$3,117,764	29.1%	\$3,327,004	33.0%
Operating income	\$370,760	5.3%	\$1,742,461	16.2%	\$951,465	9.4%
Other income and (expense)	(\$2,175)	0.0%	\$571,623	5.3%	\$1,208	0.0%
<b>Profit before taxes</b>	<b>\$368,585</b>	<b>5.3%</b>	<b>\$2,314,084</b>	<b>21.6%</b>	<b>\$952,673</b>	<b>9.4%</b>

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[1]** Per SIS320176-188 at 176.

**[2]** Per SIS320922-935 at 922.

**[3]** Per SIS327629-636 at 629. Note: Per discussions with Greg Posdal, SIS's 2021 sales approximated \$12.4 million.

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# SIS's Detailed SGA: 2019 - October 2021

## Schedule 15.1

	[1]		[2]		[3]				[4]	[4]	[4]
	2019		2020		2021 (thru Oct)		Total		Fixed / Variable	Variable as a % of revenue	Notes
	Amount	%	Amount	%	Amount	%	Amount	%			
Revenue	\$6,996,108	100.00%	\$10,723,980	100.00%	\$10,092,079	100.00%	\$27,812,167	100.00%			
Cost of goods sold	\$4,084,286	58.38%	\$5,863,755	54.68%	\$5,813,610	57.61%	\$15,761,651	56.67%			
Gross profit	\$2,911,822	41.62%	\$4,860,225	45.32%	\$4,278,469	42.39%	\$12,050,516	43.33%			
Expenses:											
<b><u>Selling:</u></b>											
Wages - Sales	\$611,469	8.74%	\$732,356	6.83%	\$688,552	6.82%	\$2,032,377	7.31%	Partially variable	2.00%	Currently have approximately 10-12 Associate Sales Representatives ("ASRs") managing more than 1 million annual repair units, which approximates 80,000-100,000 repair units per ASR. According to discussion with Greg Posdal, SIS would potentially add up to as many as 10 additional ASRs to sell both EndoWrist repairs and other SIS products/services. New ASRs cost approximately \$50,000 in wages annually. Ten ASRs would approximate \$500,000 in wages per year, which represents less than 1% of the maximum annual lost EndoWrist repair revenue of approximately \$71.2 million as shown on Schedule 2.0. In addition, SIS pays a 1% commission for each EndoWrist sale. For purposes of my analysis, I use 2% as variable.
Depreciation	\$99,593	1.42%	\$138,413	1.29%	\$186,331	1.85%	\$424,337	1.53%	Fixed		Consists of depreciation for larger equipment, machining center, loaner inventory, vehicles and on-site repair vans.
Rent	\$132,070	1.89%	\$138,389	1.29%	\$125,989	1.25%	\$396,448	1.43%	Fixed		No need for additional space for EndoWrist repairs.
Insurance Group	\$110,040	1.57%	\$151,624	1.41%	\$123,787	1.23%	\$385,451	1.39%	Partially variable	1.39%	Consists of employee health insurance premiums. For purposes of my analysis, I treat this as variable.
Professional Fees	\$76,345	1.09%	\$101,522	0.95%	\$134,047	1.33%	\$311,914	1.12%	Fixed		Consists of attorney and accountant fees and one off fees for consultant and training.
Insurance	\$61,858	0.88%	\$87,102	0.81%	\$86,377	0.86%	\$235,337	0.85%	Partially variable	0.85%	Consists of life insurance, workers comp, general liability insurance premiums. For purposes of my analysis, I treat this as variable.
Outside Services	\$40,858	0.58%	\$80,989	0.76%	\$90,703	0.90%	\$212,550	0.76%	Fixed		Consists of IT support and temporary employee labor fees.
Sales - Bonus		0.00%	\$100,000	0.93%	\$87,386	0.87%	\$187,386	0.67%	Variable	0.67%	
Operating Supplies	\$28,480	0.41%	\$86,029	0.80%	\$62,804	0.62%	\$177,313	0.64%	Variable	0.64%	Consists of non-inventory production, lab supplies and small tools.
Maintenance & Repair	\$33,229	0.47%	\$69,539	0.65%	\$47,595	0.47%	\$150,363	0.54%	Fixed		Fire prevention, janitorial cleaning, small repairs, lawn service and HVAC.
Office Expense	\$50,009	0.71%	\$59,239	0.55%	\$27,090	0.27%	\$136,338	0.49%	Partially variable	0.49%	For purposes of my analysis, I treat this as variable.
Real Estate Taxes	\$40,773	0.58%	\$45,735	0.43%	\$41,176	0.41%	\$127,684	0.46%	Fixed		SIS would not require additional space.
Entertainment	\$47,255	0.68%	\$40,153	0.37%	\$32,022	0.32%	\$119,430	0.43%	Variable	0.43%	
Payroll Fees	\$10,525	0.15%	\$17,306	0.16%	\$56,617	0.56%	\$84,448	0.30%	Variable	0.05%	Calculated as (0.30% Payroll Fees / (7.31% Wages - Sales + 0.67% Sales - Bonus + 4.10% Salaries/Employees + 2.65% Salaries/Officers + 0.10% Salaries Office AZ ) *(2.00% Wages - Sales + 0.20% Salaries/Employees) as I understand this relates to selling, general and administrative wages and bonuses paid.
Interest Expense	\$34,572	0.49%	\$19,034	0.18%	\$9,679	0.10%	\$63,285	0.23%	Fixed		Consists of interest on the line of credit which would potentially decrease.
Sales & Marketing	\$1,827	0.03%	\$325	0.00%	\$45,346	0.45%	\$47,498	0.17%	Variable	0.17%	
Dues & Subscriptions	\$16,747	0.24%	\$7,796	0.07%	\$7,387	0.07%	\$31,930	0.11%	Fixed		
Printing & Advertise	\$5,572	0.08%	\$6,252	0.06%	\$10,994	0.11%	\$22,818	0.08%	Variable	0.08%	
Meals		0.00%		0.00%	\$22,469	0.22%	\$22,469	0.08%	Variable	0.08%	
Misc Expense		0.00%	\$5,000	0.05%	\$6,903	0.07%	\$11,903	0.04%	Variable	0.04%	
Licenses & Permits	\$6,550	0.09%	\$2,562	0.02%	\$511	0.01%	\$9,623	0.03%	Fixed		
Promotional & Gifts	\$1,948	0.03%	\$1,098	0.01%	\$3,286	0.03%	\$6,332	0.02%	Variable	0.02%	
Postage	\$2,278	0.03%	\$1,613	0.02%	\$1,878	0.02%	\$5,769	0.02%	Variable	0.02%	
Amortization	\$3,644	0.05%	\$1,302	0.01%		0.00%	\$4,946	0.02%	Fixed		
Professional Mktg Fees		0.00%	\$25	0.00%	\$73	0.00%	\$98	0.00%	Fixed		
<b>Total selling</b>	<b>\$1,415,642</b>	<b>20.23%</b>	<b>\$1,893,403</b>	<b>17.66%</b>	<b>\$1,899,002</b>	<b>18.82%</b>	<b>\$5,208,047</b>	<b>18.73%</b>		<b>6.93%</b>	



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# SIS's Detailed SGA: 2019 - October 2021

## Schedule 15.1

	<b>[1]</b>		<b>[2]</b>		<b>[3]</b>				<b>[4]</b>	<b>[4]</b>	<b>[4]</b>
	<b>2019</b>		<b>2020</b>		<b>2021 (thru Oct)</b>		<b>Total</b>		<b>Fixed / Variable</b>	<b>Variable as a % of revenue</b>	<b>Notes</b>
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			
<b><u>General and admin:</u></b>											
Salaries/Employees	\$267,488	3.82%	\$356,501	3.32%	\$516,607	5.12%	\$1,140,596	4.10%	Essentially fixed	0.20%	Consists of IT, HR/Payroll, Recruiting, Accounting, COO and Account Managers. If SIS added approximately 2 Account Managers at approximately \$50,000 each, or \$100,000 in total wages, this would approximate 0.14% of the maximum annual lost EndoWrist repair revenue of approximately \$71.2 million as shown on Schedule 2.0. For purposes of my analysis, I use 0.20% as variable.
Payroll Tax FICA	\$192,098	2.75%	\$272,758	2.54%	\$273,616	2.71%	\$738,472	2.66%	Variable	0.40%	Calculated as (2.66% Payroll Tax FICA / (7.31% Wages - Sales + 0.67% Sales - Bonus + 4.10% Salaries/Employees + 2.65% Salaries/Officers + 0.10% Salaries Office AZ ) *(2.00% Wages - Sales + 0.20% Salaries/Employees) as I understand this relates to all selling, general and administrative wages and bonuses paid.
Salaries/Officers	\$254,886	3.64%	\$291,238	2.72%	\$190,923	1.89%	\$737,047	2.65%	Fixed		
Travel	\$234,380	3.35%	\$173,676	1.62%	\$248,886	2.47%	\$656,942	2.36%	Partially variable	1.00%	Large portion of current expenses is related to technical assistance or educational travel. For purposes of my analysis, treat this as variable.
Telephone	\$30,596	0.44%	\$38,251	0.36%	\$31,391	0.31%	\$100,238	0.36%	Fixed		
Seminars/Conferences	\$49,859	0.71%	\$10,400	0.10%	\$23,376	0.23%	\$83,635	0.30%	Fixed		
Payroll Tax - Other	\$18,828	0.27%	\$24,850	0.23%	\$33,876	0.34%	\$77,554	0.28%	Variable	0.04%	Calculated as (0.28% Payroll Tax - Other / (7.31% Wages - Sales + 0.67% Sales - Bonus + 4.10% Salaries/Employees + 2.65% Salaries/Officers + 0.10% Salaries Office AZ ) *(2.00% Wages - Sales + 0.20% Salaries/Employees) as I understand this relates to selling, general and administrative wages and bonuses paid.
Utilities	\$24,226	0.35%	\$22,605	0.21%	\$26,145	0.26%	\$72,976	0.26%	Fixed	0.26%	For purposes of my analysis, I treat this as variable.
Bad Debts	\$23,805	0.34%	\$20,000	0.19%	\$2,164	0.02%	\$45,969	0.17%	Fixed		
Employee Recruitment	\$6,892	0.10%	\$5,287	0.05%	\$24,267	0.24%	\$36,446	0.13%	Variable	0.13%	
Moving Expense	\$8,590	0.12%		0.00%	\$19,669	0.19%	\$28,259	0.10%	Fixed		
Salaries Office AZ		0.00%		0.00%	\$26,428	0.26%	\$26,428	0.10%	Fixed		Represents one employee.
Medical Reimburse	\$5,120	0.07%	\$1,569	0.01%	\$7,107	0.07%	\$13,796	0.05%	Fixed		
Credit Card Fees	\$5,249	0.08%	\$5,247	0.05%	\$3,168	0.03%	\$13,664	0.05%	Fixed		
Vehicle	\$2,853	0.04%		0.00%	(\$453)	0.00%	\$2,400	0.01%	Fixed		
Bank Charges	\$777	0.01%	\$470	0.00%	\$825	0.01%	\$2,072	0.01%	Fixed		
Sales Tax	(\$227)	0.00%	\$1,509	0.01%	\$7	0.00%	\$1,289	0.00%	Fixed		
<b>Sub-total G&amp;A expenses</b>	<b>\$1,125,420</b>	<b>16.09%</b>	<b>\$1,224,361</b>	<b>11.42%</b>	<b>\$1,428,002</b>	<b>14.15%</b>	<b>\$3,777,783</b>	<b>13.58%</b>		<b>2.03%</b>	
<b>Total expenses</b>	<b>\$2,541,062</b>	<b>36.32%</b>	<b>\$3,117,764</b>	<b>29.07%</b>	<b>\$3,327,004</b>	<b>32.97%</b>	<b>\$8,985,830</b>	<b>32.31%</b>	Rounded to	<b>8.96%</b>	
										<b>9.00%</b>	

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[1]** Per SIS320176-188 at 176.

**[2]** Per SIS320922-935 at 922.

**[3]** Per SIS327629-636 at 629. Note: Per discussions with Greg Posdal, SIS's 2021 sales approximated \$12.4 million.

**[4]** Per discussions with Greg Posdal.



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# Intuitive EndoWrist Instrument Average Selling Price, Units and Net Sales Dollars: 2020 - 2025

## Schedule 16.0

	2020	2021	2022	2023	2024	2025	Total
<b>ASP per unit</b>							
[A] da Vinci S/Si	\$2,572	\$2,659	\$2,538	\$2,538	\$2,538	\$2,538	\$2,588
[A] da Vinci X/Xi	\$2,542	\$2,657	\$2,666	\$2,666	\$2,666	\$2,666	\$2,649
[A] Total ASP per unit	\$2,546	\$2,658	\$2,663	\$2,663	\$2,663	\$2,663	\$2,646
<b>Units</b>							
[B] da Vinci S/Si				3,839	1,928	1,077	90,439
[B] da Vinci X/Xi				422,719	455,982	437,186	2,327,724
[B] Total units				426,558	457,910	438,263	2,418,163
<b>Net sales dollars</b>							
[C] da Vinci S/Si				\$9,743,382	\$4,893,264	\$2,733,426	\$234,046,893
[C] da Vinci X/Xi				\$1,126,968,854	\$1,215,648,012	\$1,165,537,876	\$6,165,398,677
[C] Total net sales dollars				\$1,136,712,236	\$1,220,541,276	\$1,168,271,302	\$6,399,445,570

### NOTES / SOURCES:

Note: Any minor differences are due to rounding.

[A] Per Schedule 13.0. ASP per unit after June 2022 is based on Intuitive ASP through June 2022. Total ASP is calculated based on the amounts herein.

[B] Per Schedule 6.0.

[C] = [A] \* [B]

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# Lanham Act Based on Scenario 2 - Unenforceable Contracts (2 Year X/Xi Delay): 2020 - 2025

## Schedule 16.1

	2020	2021	2022	2023	2024	2025	Total
<b>Intuitive's ASP per unit</b>							
[A] da Vinci S/Si	\$2,572	\$2,659	\$2,538	\$2,538	\$2,538	\$2,538	\$2,594
[A] da Vinci X/Xi	\$2,542	\$2,657	\$2,666	\$2,666	\$2,666	\$2,666	\$2,666
<b>Lost EndoWrist repair units</b>							
[B] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	0	0	9,114	35,153	41,711	14,542	100,520
[B] Total units	1,321	1,864	10,070	35,600	41,888	14,578	105,321
<b>Net sales dollars (undiscounted)</b>							
[C] da Vinci S/Si	\$3,397,612	\$4,956,376	\$2,426,328	\$1,134,486	\$449,226	\$91,368	\$12,455,396
[C] da Vinci X/Xi	\$0	\$0	\$24,297,924	\$93,717,898	\$111,201,526	\$38,768,972	\$267,986,320
[C] Total net sales dollars	\$3,397,612	\$4,956,376	\$26,724,252	\$94,852,384	\$111,650,752	\$38,860,340	\$280,441,716
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted net sales dollars	\$3,397,612	\$4,956,376	\$26,724,252	\$94,852,384	\$105,499,912	\$32,785,303	\$268,215,839

# Lanham Act Based on Scenario 2 - Unenforceable Contracts (2 Year X/Xi Delay): 2020 - 2025 Schedule 16.1

## NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[A]** Per Schedule 13.0. ASP per unit after June 2022 is based on Intuitive ASP through June 2022. Total ASP is calculated based on the amounts herein.

**[B]** Per Schedule 4.2.

**[C]** = **[A]** \* **[B]**

**[D]** For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average SIC/GICS Composite WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

**[E]** Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

**[F]** =  $(1 + \text{[H]})^{-\text{[I]}}$ , rounded to 5 decimals.

**[G]** = Net sales dollars (undiscounted) per **[C]** \* **[F]**

HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY

# Lanham Act Based on Scenario 2 - Unenforceable Contracts (1 Year X/Xi Delay): 2020 - 2025 Schedule 16.2

	2020	2021	2022	2023	2024	2025	Total
<b>Intuitive's ASP per unit</b>							
[A] da Vinci S/Si	\$2,572	\$2,659	\$2,538	\$2,538	\$2,538	\$2,538	\$2,594
[A] da Vinci X/Xi	\$2,542	\$2,657	\$2,666	\$2,666	\$2,666	\$2,666	\$2,665
<b>Lost EndoWrist repair units</b>							
[B] da Vinci S/Si	1,321	1,864	956	447	177	36	4,801
[B] da Vinci X/Xi	0	8,646	30,379	49,215	41,711	14,542	144,493
[B] Total units	1,321	10,510	31,335	49,662	41,888	14,578	149,294
<b>Net sales dollars (undiscounted)</b>							
[C] da Vinci S/Si	\$3,397,612	\$4,956,376	\$2,426,328	\$1,134,486	\$449,226	\$91,368	\$12,455,396
[C] da Vinci X/Xi	\$0	\$22,972,422	\$80,990,414	\$131,207,190	\$111,201,526	\$38,768,972	\$385,140,524
[C] Total net sales dollars	\$3,397,612	\$27,928,798	\$83,416,742	\$132,341,676	\$111,650,752	\$38,860,340	\$397,595,920
[D] Discount %					12%	12%	
[E] Discount period					0.5	1.5	
[F] Discount factor	1.00000	1.00000	1.00000	1.00000	0.94491	0.84367	
[G] Discounted net sales dollars	\$3,397,612	\$27,928,798	\$83,416,742	\$132,341,676	\$105,499,912	\$32,785,303	\$385,370,043

# Lanham Act Based on Scenario 2 - Unenforceable Contracts (1 Year X/Xi Delay): 2020 - 2025 Schedule 16.2

## NOTES / SOURCES:

Note: Any minor differences are due to rounding.

**[A]** Per Schedule 13.0. ASP per unit after June 2022 is based on Intuitive ASP through June 2022. Total ASP is calculated based on the amounts herein.

**[B]** Per Schedule 4.5.

**[C]** = **[A]** \* **[B]**

**[D]** For the GICS 35101010, Health Care Equipment & Supplies, Duff and Phelps - Cost of Capital Composite, September 30, 2022, the average SIC/GICS Composite WACC (weighted average cost of capital) is 9.2% and median WACC is 8.9%. For the small composite, the WACC is 11.1% to 11.2% (CRSP Decile). For purposes of my analysis I use 12%, which is conservative. Note: The projections after 2022 do not include growth, therefore the discount rate would likely be less.

**[E]** Calculated using the mid-year convention to January 1, 2024, the approximate date of trial.

**[F]** =  $(1 + \text{[H]})^{-\text{[I]}}$ , rounded to 5 decimals.

**[G]** = Net sales dollars (undiscounted) per **[C]** \* **[F]**